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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Vance to The President re: waiver of Jackson-Vanik amendment restrictions for Romainia (3 pp.)/ enclosed in Hutcheson to Brzezinski 6/3/77	5/26/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 6/3/77 [2] Box 29

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Z. Brzezinski

For your information the President signed the documents attached to your memorandum of May 27 concerning Romanian Trade - Presidential Waiver. The signed documents have been given to Bob Linder for appropriate handling.

Rick Hutcheson

X

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

FOR STAFFING
FOR INFORMATION
✓ FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ARAGON
BOURNE
✓ BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HOYT
HUTCHESON
JAGODA
KING

KRAFT
LANCE
LINDER
MITCHELL
POSTON
PRESS
B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE



THE WHITE HOUSE  
WASHINGTON

ACTION

May 27, 1977

## MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Romanian Trade: Presidential Waiver

The Trade Act of 1974, as amended by the Jackson-Vanik provision, requires a Presidential waiver to extend Most Favored Nation (MFN) treatment and government sponsored credits to any "socialist" country. Your determination and waiver must be received by the Congress by June 2, 1977. There are two decisions: (1) a general recommendation to continue the Presidential waiver authority, as provided for under the law; this permits you to grant MFN to a communist country if you find that doing so will promote the objectives of the law, i. e., freer emigration; and (2) a specific waiver of the law as applied to Romania so that the US-Romanian Trade Agreement of 1975 will continue in force.

In the past it has seemed clearly in our national interest to exempt Romania from the Jackson-Vanik provisions, which were directed against the USSR. Recently, however, there has been some growing concern that Romania was not permitting emigration and was hardening its internal repression. Fifty-five Congressmen sent you a letter indicating such concerns. Nevertheless, emigration to Israel continues at a rate (undetermined) that is satisfactory to the Israeli government, which concluded a secret arrangement with Romania. And emigration to the US has actually increased in the years since the waiver was first granted.

Secretary Vance recommends that you extend the waiver to Romania for another 12 months, and that you also recommend the general extension of the waiver provision (Vance memo is at Tab C).

## RECOMMENDATION

1. That you sign the Presidential determination at Tab A, that extends the general waiver provisions.
2. That you sign the specific waiver for Romania and the message to the Congress at Tab B.



THE WHITE HOUSE  
WASHINGTON

Presidential Determination  
No. \_\_\_\_\_

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: Determination Under Section 402(d)(1) of the  
Trade Act of 1974

Pursuant to the authority vested in me by the Trade Act of 1974 (Public Law 93-618, January 3, 1975; 88 Stat. 1978; hereinafter called the Act), I hereby determine, pursuant to section 402(d)(5) of the Act, that the further extension of the waiver authority granted by subsection (c) will substantially promote the objectives of section 402 of the Act. I further determine, pursuant to subsection (d)(5)(c) of section 402 of the Act, that continuation of the waiver applicable to the Socialist Republic of Romania will substantially promote the objectives of section 402.

This determination shall be published in the Federal Register.

*Jimmy Carter*

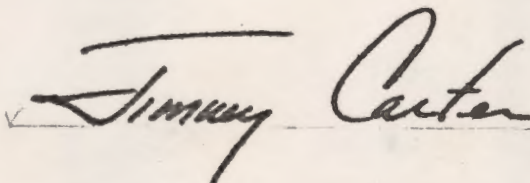


TO THE CONGRESS OF THE UNITED STATES:

In accordance with section 402(d)(5) of the Trade Act of 1974, I transmit herewith my recommendation that the authority to waive subsections (a) and (b) of section 402 be extended for a further period of twelve months.

This recommendation sets forth the reasons for extending waiver authority and for my determination relating to continuation of the waiver applicable to the Socialist Republic of Romania, as called for by subsections (d)(5)(b) and (d)(5)(c) of section 402.

I include, as part of this recommendation, my determinations that further extension of the waiver authority, and continuation of the waiver applicable to the Socialist Republic of Romania, will substantially promote the objectives of this section.

A handwritten signature in dark ink, reading "Jimmy Carter", is written over a horizontal line. The signature is fluid and cursive, with the first name "Jimmy" and the last name "Carter" clearly legible.

THE WHITE HOUSE,



THE WHITE HOUSE

WASHINGTON

Date: May 27, 1977

MEMORANDUM

FOR ACTION:

Frank Moore

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Zbigniew Brzezinski memo 5/27/77 re Romanian Trade:  
Presidential Waiver.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Tuesday

DATE: May 31, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

CONFIDENTIAL ATTACHMENT

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

*see of*  
*from*  
*concur*  
*don't*

WASHINGTON

*Confidential*  
*attachment*

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	KRAFT
	LANCE
X	LINDER - <i>to check former</i>
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

to check  
forms

## THE WHITE HOUSE

WASHINGTON

ACTION

May 27, 1977

## MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Romanian Trade: Presidential Waiver

The Trade Act of 1974, as amended by the Jackson-Vanik provision, requires a Presidential waiver to extend Most Favored Nation (MFN) treatment and government sponsored credits to any "socialist" country. Your determination and waiver must be received by the Congress by June 2, 1977. There are two decisions: (1) a general recommendation to continue the Presidential waiver authority, as provided for under the law; this permits you to grant MFN to a communist country if you find that doing so will promote the objectives of the law, i. e., freer emigration; and (2) a specific waiver of the law as applied to Romania so that the US-Romanian Trade Agreement of 1975 will continue in force.

In the past it has seemed clearly in our national interest to exempt Romania from the Jackson-Vanik provisions, which were directed against the USSR. Recently, however, there has been some growing concern that Romania was not permitting emigration and was hardening its internal repression. Fifty-five Congressmen sent you a letter indicating such concerns. Nevertheless, emigration to Israel continues at a rate (undetermined) that is satisfactory to the Israeli government, which concluded a secret arrangement with Romania. And emigration to the US has actually increased in the years since the waiver was first granted.

Secretary Vance recommends that you extend the waiver to Romania for another 12 months, and that you also recommend the general extension of the waiver provision (Vance memo is at Tab C).

## RECOMMENDATION

1. That you sign the Presidential determination at Tab A, that extends the general waiver provisions.
2. That you sign the specific waiver for Romania and the message to the Congress at Tab B.



THE WHITE HOUSE

WASHINGTON

Presidential Determination  
No. \_\_\_\_\_

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: Determination Under Section 402(d)(1) of  
the Trade Act of 1974

Pursuant to the authority vested in me by the Trade Act of 1974 (Public Law 93-618, January 3, 1975; 88 Stat. 1978; hereinafter called the Act), I hereby determine, pursuant to section 402(d)(5) of the Act, that the further extension of the waiver authority granted by subsection (c) will substantially promote the objectives of Section 402 of the Act. I further determine, pursuant to subsection (d)(5)(C) of section 402 of the Act, that continuation of the waiver applicable to the Socialist Republic of Romania will substantially promote the objectives of Section 402.

This determination shall be published in the Federal Register.



TO THE CONGRESS OF THE UNITED STATES:

In accordance with section 402 (d) (5) of the Trade Act of 1974, I transmit herewith my recommendation that the authority to waive subsections (a) and (b) of section 402 be extended for a further period of twelve months.

This recommendation sets forth the reasons for extending waiver authority and for my determination relating to continuation of the waiver applicable to the Socialist Republic of Romania, as called for by subsections (d) (5) (b) and (d) (5) (c) of section 402.

I include, as part of this recommendation, my determinations that further extension of the waiver authority, and continuation of the waiver applicable to the Socialist Republic of Romania, will substantially promote the objectives of this section.

THE WHITE HOUSE



## RECOMMENDATION FOR EXTENSION OF WAIVER AUTHORITY

Pursuant to section 402(d)(5) of the Trade Act of 1974, (hereinafter referred to as "the Act") I have today determined that further extension of the waiver authority granted by section 402(c) of the Act, and continuation of the waiver extended by Executive Order 11854 of April 24, 1975 currently applicable to the Socialist Republic of Romania pursuant to section 402(c)(1) of the Act, will substantially promote the objectives of section 402 of the Act.

Further extension of the waiver authority conferred by Section 402(c) of the Act will enable us to continue to expand and improve bilateral relations with countries subject to subsection 402(b) of the Act, which I believe to be in the national interest. In the case of Romania, the extension would permit continuation of the U.S.-Romanian Trade Agreement of 1975.

I am convinced that continuation of the U.S.-Romanian Trade Agreement will serve to further promote mutually beneficial growth in two-way trade between the United States and Romania and will buttress the favorable political relations between our countries.

The reasons for retaining good commercial and political relations with Romania remain as valid as in the past. Such relations have contributed to a continuation and strengthening of Romania's independent policies, many of which have proven beneficial to U.S. foreign policy interests. Romania has continued to pursue friendly relations with countries of differing political and economic systems--with the United States, the People's Republic of China, the developing world, and with Israel as well as Arab countries. Romania's participation in international organizations, including the IMF and World Bank, shows a high degree of independence in economic matters that parallels its relative political independence. More than half of Romania's trade is with non-communist countries, and it is taking part in the Multilateral Trade Negotiations as a GATT Contracting Party.

I believe that a further expansion of U.S.-Romanian economic relations can help to promote a continuation of such independent policies and that the Trade Agreement, nondiscriminatory tariff treatment and authority to extend Commodity Credit Corporation and Export-Import Bank credits are essential to maintain and expand our present overall bilateral relationship with Romania.

Such an expanded bilateral relationship will also improve the prospects for continued American access to Romanian leaders and will enhance our ability to discuss frankly and, judging from past contacts, fruitfully, such important and sensitive subjects as emigration, divided families and marriage cases.



Accordingly, I am also convinced that extension of the waiver for Romania will permit us to continue to promote the objectives of section 402 of the Trade Act of 1974. Emigration from Romania to the U.S. has kept up this past year at about the same pace as during the preceding year on which the previous favorable Presidential recommendation was based. Romanian performance with regard to emigration to Israel has been somewhat inconsistent and uneven, but overall emigration has risen markedly since implementation of the U.S.-Romanian Trade Agreement. Failure to extend the waiver authority for Romania would, in my view, remove the major incentive to encourage an even more consistent and forthcoming performance on emigration by Romania. For my Administration's part, we intend to continue to bring to the attention of the Romanian Government any actions or emigration trends which do not seem to conform to the assurances which they have provided in the past to treat emigration matters in a humanitarian manner.

I therefore recommend to the Congress, pursuant to subsection 402(d)(5) of the Act, that the waiver authority granted by subsection(c) of section 402 of the Act be further extended for a period of twelve months.



THE SECRETARY OF STATE  
WASHINGTON

May 26, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

From: Cyrus Vance *CW*

Subject: Extension of Presidential Authority to Waive Restrictive Provisions of Jackson-Vanik Amendment and Continuation of the Waiver for Romania

Two decisions are required under the Jackson-Vanik Amendment (Section 402) of the Trade Act of 1974. First, you have until June 2 to recommend to Congress a one-year extension of your general authority to waive the provisions of the Jackson-Vanik Amendment which prohibit most favored nation tariff treatment (MFN) and U.S. Government credits to countries that deny freedom of emigration. Second, you must also decide by June 2 whether you wish to recommend a one-year extension of the existing waiver for Romania, the only country to which a waiver has thus far been granted. We recommend an affirmative decision on both points.

Under the provisions of the Trade Act, your recommendations on extension of the general waiver authority and continuation of the existing waiver for Romania must be received by the Congress by June 2, 1977, or both the general authority and the existing waiver will lapse. This would lead to termination of the Trade Agreement with Romania, an end to that country's receipt of MFN, and suspension of the current authority to grant Romania Commodity Credit Corporation (CCC) and Ex-Im Bank credits. Either house of Congress may disapprove your recommendations.

The Emigration Situation

Emigration to the United States: Romanian emigration to this country continues at a rate considerably higher than during the pre-MFN period, although at a slower pace this year than last (1,004 in 1976-77 versus 1,200 in 1975-76). Before MFN, emigration to the U.S. was as low as 19 persons in FY-1967 and as high as 629 persons in FY-1971. Romania's record on approving marriages between Romanians and Americans remains mixed, with frequent delays and disapprovals of cases in which the Romanians question the suitability of the match. There are also a number of difficult family reunification cases with Congressional interest on which the Romanians for various reasons have not been willing to act.

~~CONFIDENTIAL~~  
GDS

DECLASSIFIED  
Per: Rac Project

ESDN: NLC-126-7-

BY 125 NARA DATE 1/24/



CONFIDENTIAL

- 2 -

Overall, the rate of emigration to the United States can be judged relatively satisfactory and a considerable improvement over the pre-MFN period.

Emigration to Israel: Romanian emigration to Israel has been running at a slower rate this year than during 1976, and the annual totals following Romanian receipt of MFN have actually been lower than for the pre-MFN years. This has been a major target of Congressional criticism. The Romanians argue that fewer Jews wish to emigrate to Israel than was the case immediately after World War II, when about 300,000 Jews left Romania for Israel. We believe a significant number of Jews who wish to emigrate to Israel feel prevented from doing so, and the American Jewish community will probably seek to persuade Congress to use the MFN "lever" to obtain increased Jewish emigration. However, the Israeli Government, which has a secret arrangement with the Romanians, does not seem likely to press public criticism of the Romanian performance.

Consultations with the Romanians: In order to secure Congressional approval of the US-Romanian Trade Agreement of 1975, certain assurances were received from the Romanians regarding emigration. Although the Romanians refused to commit themselves to any specific numbers, they did give high-level assurance that emigration cases would be handled "in a humanitarian manner." We have periodically reminded the Romanians of this assurance and impressed on them the relevance of Romanian performance on divided families and marriage cases to Congressional action on the waiver extension.

Congressional Situation: During hearings last September on extension of the Romanian waiver, numerous members of Congress went on record as being dissatisfied with Romanian performance on emigration and promised to take a closer look during the 1977 review. Furthermore, on May 18 fifty-five Congressmen wrote you to express their concern over various aspects of the human rights scene in Romania, including emigration performance, treatment of dissidents and the status of the Hungarian minority, and urged that you take these matters into consideration in making your recommendation. We have raised with the Romanians recent reports of repression of dissidents, and the Romanian amnesty of May 9 together with the release of a number of jailed dissidents signify awareness of the potential consequences to our relations. We also doubt that the charges of gross discrimination against the Hungarian minority are supported by the facts.

CONFIDENTIAL



CONFIDENTIAL

- 3 -

Despite these indications of Congressional concern, we believe it is unlikely that Congress would act to oppose the waiver extension for Romania.

Consequences of Failure to Extend Waiver: Failure to recommend extension of the waiver for Romania -- or Congressional disapproval of your recommendation -- would have serious consequences for US-Romanian relations. MFN has long been depicted by the Romanian leadership as a key element in establishing "normal" relations between our countries. An end to MFN and Ex-Im Bank and CCC credits would be viewed as a fundamental, negative shift in U.S. policy toward Romania and would run counter to our policy of encouraging Romania's relative independence from the USSR. At the same time, it would remove the limited leverage we now possess in encouraging the Romanians to act sympathetically on emigration and humanitarian cases. Termination of the Trade Agreement, which is a cornerstone of Ceausescu's policy of developing closer ties with the U.S., would call into question this country's reliability as a partner in expanded economic and political relations with Eastern Europe.

Recommendation

That you sign the attached documents:

1. Presidential Determination under Section 402(d)(5) of the Act;
2. Message (with accompanying recommendation) for transmission to the Congress before June 2, 1977.

Attachments:  
As stated.

CONFIDENTIAL

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THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Stu Eizenstat  
Barry Jagoda  
Rick Neustadt  
Frank Moore  
Jody Powell  
Bob Linder

The attached was returned in the  
President's outbox and is forwarded  
to you for your information and  
appropriate action.

Rick Hutcheson

Re: Public Broadcasting



THE WHITE HOUSE  
WASHINGTON

*cc Neustadt*

ACTION	FYI
	MONDALE
	COSTANZA
✓	EIZENSTAT
	JORDAN
	LIPSHUTZ
✓	MOORE
✓	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
✓	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SAID:

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*  
BARRY JAGODA *B.J.*  
RICK NEUSTADT *R.N.*

SUBJECT:

Public Broadcasting

Congress is about to start hearings on reauthorization for public broadcasting, and the Administration is being looked to for proposals to maintain its funding while improving its structure. We expect to have a detailed plan for your consideration in mid-June.

In the meantime, the Carnegie foundation is about to launch an 18-month study of the structure and goals of public broadcasting. Carnegie was the author of the original report that led to the public broadcasting system in 1967; President Johnson's support was crucial to that effort. Carnegie's study has widespread support on the Hill and in the public broadcasting community. It would not involve any Federal expenditures.

We have met with the Carnegie people and worked out a proposed division of labor under which the Administration tackles the immediate issue of how Federal money is channelled while Carnegie deals with long-term and politically sensitive questions like program content. Carnegie is quite happy with that and anticipates a working relationship with us during their study.

Carnegie is asking for a statement from you supporting their project when they announce it (about June 12). We suggest the following (Jody Powell concurs):

"I am pleased that the Carnegie Corporation has launched a second long-range look at public broadcasting. Its 1967 report was a landmark document. I welcome this new effort to help public broadcasting serve more and more Americans with high quality programming. We expect to work closely with Carnegie as we develop policies for Federal support of the system."

Approve ✓

Disapprove \_\_\_\_\_

*JC*



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THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Stu Eizenstat  
Hamilton Jordan  
Jim King

The attached was returned in the  
President's outbox and is forwarded  
to you for your information and  
appropriate action.

Rick Hutcheson

Re: Appointments to the  
Copyright Tribunal

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
	X	EIZENSTAT	CAB DECISION
	X	JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
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	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
X	KING		VOORDE



Electrostatic Copy Made  
for Preservation Purposes

THIS COPY WAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 1, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Sh*  
BOB MALSON *sh*

SUBJECT: APPOINTMENTS TO THE COPYRIGHT TRIBUNAL  
(Prepared at Your Request)

Hamilton Jordan sent you a memorandum on May 16 regarding the Copyright Tribunal. You had posed three questions -- (1) Do we need it? (2) Who does it now? (3) Is it a likely candidate for reorganization? Hamilton responded by saying (1) we probably do need it; (2) no one carries out the functions at this time; and (3) it could be a priority item for study by the Reorganization Team.

You then asked me to get a quick assessment from Bert Lance and Griffin Bell. Neither of them had any problems with your going forward with the appointments.

The statute creating the Tribunal was enacted into law on October 19, 1976 and contained a provision which may not have been brought to your attention:

- "As soon as possible after the date of enactment of this Act, and no later than six months following such date, the President shall publish a notice announcing the initial appointment ..."

The statutory period for appointment expired on April 19, 1977 and there has been a technical violation of the law since that time.

Recommendation

I recommend that you make the initial appointments while OMB continues to explore the possibility of reorganization. Bert Lance and Griffin Bell concur.

☒ Yes ☐ No ☐ Discuss

I have attached a short summary of the impact of the Tribunal's functions.

*JC*



## SUMMARY OF THE IMPACT OF THE COPYRIGHT TRIBUNAL

The vast majority of copyrighted works enter the stream of commerce after the copyright owner has undertaken the expense of manufacturing and distribution, or has licensed someone else to do so in exchange for a negotiated royalty. In the latter case, the copyright owner is free to bargain for the terms and conditions which best meets the author's concepts and goals. The role of government in those circumstances is a simple one: the Copyright Office of the Library of Congress serves a ministerial function in registering the work in exchange for a nominal fee. Compulsory licenses are an exception to that method of operation and as such, require an extraordinary economic justification for government intervention in an area that is best served by private parties negotiating with each other in their own best interests.

Dissatisfaction with the compulsory license concept usually stems from two sources. First, the copyright owner loses control over the manner in which the work is used. Second, the copyright owner loses the right to negotiate for the amount of money that he or she believes the property is worth. What is obtained in the compulsory license area is a right for an individual to use a copyrighted work without the owner's permission in exchange for a guaranteed royalty.

Four sections of the new Act apply to compulsory licenses and each is directed to a separate industry.

- o Section 111 provides for compulsory licenses for cable television system operators for the secondary transmissions of copyrighted television programs whose signals have been transmitted over the air by FCC regulated TV stations. There are now about 3,400 separate cable systems across the Nation reaching 10 million homes servicing about 30 million people in more than 7,400 communities. It is estimated that in 1974 these systems generated over \$600 million in revenues. In that same year not one cent in royalty was required to be paid to a copyright owner by a cable system operator. Section 111 provides for a very modest royalty for the copyright owner -- the average cable subscriber now pays about \$7 per month to bring distant signals into the home and the royalty would increase that fee about 10¢. The Tribunal is authorized to modify that rate to take into account inflationary impacts.



- o Section 115 sets out the royalty that the copyright owner of a song will be paid for each subsequent recording of his or her song following the initial record. This allows the songwriter to negotiate with anyone for any agreed upon amount for the first recorded release. Anyone who likes the record can then issue a new recording by a different group and pay the statutory amount to the copyright owner. The initial rate written into the statute is "either two and three-fourths cents, or one-half cent per minute of playing time or fraction thereof, whichever amount is larger." The Tribunal is authorized review the rate every ten years.
- o Section 116 sets out the royalty rate that the copyright owner of a song is to be paid for the commercial use of the song in a jukebox. An exemption from copyright liability has been enjoyed by the jukebox industry since the law was last revised in 1909. The Act sets an annual royalty for each machine at \$8 per year. The law contains an elaborate registration process which is designed to provide an average royalty which will be distributed to the copyright owner of a song generally based upon the length of time that a record remains in the jukebox. The Tribunal is authorized to review the royalty rate and the distribution formula every ten years.
- o Section 118 is addressed to the copyright problems faced by the Public Broadcast System. Since PBS is supported partially by appropriated funds, they stand in a different posture than a commercial enterprise in negotiating for the use of a copyrighted work -- the royalty they negotiate (if they were allowed to negotiate) would not be subjected to the bounds of a profit and loss factor and serious distortions could occur. Congress sought to resolve this dilemma by allowing a neutral body, the Tribunal, to arbitrate and set the applicable royalty rates.

The Tribunal was created by Congress to address some of the serious economic problems created by the technological advances that have been created since the Copyright law was last revised in 1909. The heart of the Tribunal's work is the necessity to provide a simple and fair way of allowing the product of artistic creation to be distributed widely and to ensure that the creator will be compensated fairly.



THE WHITE HOUSE  
WASHINGTON

5-16-77

To Stu -  
Get quick assess-  
ment from Bert  
& Griffin -

J.C.

THE WHITE HOUSE  
WASHINGTON

May 17, 1977

Stu Eizenstat -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Copyright Royalty Tribunal

cc: Hamilton Jordan



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 1, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Sh*  
BOB MALSON *BM*

SUBJECT: APPOINTMENTS TO THE COPYRIGHT TRIBUNAL  
(Prepared at Your Request)

Hamilton Jordan sent you a memorandum on May 16 regarding the Copyright Tribunal. You had posed three questions -- (1) Do we need it? (2) Who does it now? (3) Is it a likely candidate for reorganization? Hamilton responded by saying (1) we probably do need it; (2) no one carries out the functions at this time; and (3) it could be a priority item for study by the Reorganization Team.

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Recommendation

I recommend that you make the initial appointments while OMB continues to explore the possibility of reorganization. Bert Lance and Griffin Bell concur.

✓ Yes                             No                             Discuss

I have attached a short summary of the impact of the Tribunal's functions.

*JC*



## SUMMARY OF THE IMPACT OF THE COPYRIGHT TRIBUNAL

The vast majority of copyrighted works enter the stream of commerce after the copyright owner has undertaken the expense of manufacturing and distribution, or has licensed someone else to do so in exchange for a negotiated royalty. In the latter case, the copyright owner is free to bargain for the terms and conditions which best meets the author's concepts and goals. The role of government in those circumstances is a simple one: the Copyright Office of the Library of Congress serves a ministerial function in registering the work in exchange for a nominal fee. Compulsory licenses are an exception to that method of operation and as such, require an extraordinary economic justification for government intervention in an area that is best served by private parties negotiating with each other in their own best interests.

Dissatisfaction with the compulsory license concept usually stems from two sources. First, the copyright owner loses control over the manner in which the work is used. Second, the copyright owner loses the right to negotiate for the amount of money that he or she believes the property is worth. What is obtained in the compulsory license area is a right for an individual to use a copyrighted work without the owner's permission in exchange for a guaranteed royalty.

Four sections of the new Act apply to compulsory licenses and each is directed to a separate industry.

- o Section 111 provides for compulsory licenses for cable television system operators for the secondary transmissions of copyrighted television programs whose signals have been transmitted over the air by FCC regulated TV stations. There are now about 3,400 separate cable systems across the Nation reaching 10 million homes servicing about 30 million people in more than 7,400 communities. It is estimated that in 1974 these systems generated over \$600 million in revenues. In that same year not one cent in royalty was required to be paid to a copyright owner by a cable system operator. Section 111 provides for a very modest royalty for the copyright owner -- the average cable subscriber now pays about \$7 per month to bring distant signals into the home and the royalty would increase that fee about 10¢. The Tribunal is authorized to modify that rate to take into account inflationary impacts.



- o Section 115 sets out the royalty that the copyright owner of a song will be paid for each subsequent recording of his or her song following the initial record. This allows the songwriter to negotiate with anyone for any agreed upon amount for the first recorded release. Anyone who likes the record can then issue a new recording by a different group and pay the statutory amount to the copyright owner. The initial rate written into the statute is "either two and three-fourths cents, or one-half cent per minute of playing time or fraction thereof, whichever amount is larger." The Tribunal is authorized review the rate every ten years.
- o Section 116 sets out the royalty rate that the copyright owner of a song is to be paid for the commercial use of the song in a jukebox. An exemption from copyright liability has been enjoyed by the jukebox industry since the law was last revised in 1909. The Act sets an annual royalty for each machine at \$8 per year. The law contains an elaborate registration process which is designed to provide an average royalty which will be distributed to the copyright owner of a song generally based upon the length of time that a record remains in the jukebox. The Tribunal is authorized to review the royalty rate and the distribution formula every ten years.
- o Section 118 is addressed to the copyright problems faced by the Public Broadcast System. Since PBS is supported partially by appropriated funds, they stand in a different posture than a commercial enterprise in negotiating for the use of a copyrighted work -- the royalty they negotiate (if they were allowed to negotiate) would not be subjected to the bounds of a profit and loss factor and serious distortions could occur. Congress sought to resolve this dilemma by allowing a neutral body, the Tribunal, to arbitrate and set the applicable royalty rates.

The Tribunal was created by Congress to address some of the serious economic problems created by the technological advances that have been created since the Copyright law was last revised in 1909. The heart of the Tribunal's work is the necessity to provide a simple and fair way of allowing the product of artistic creation to be distributed widely and to ensure that the creator will be compensated fairly.

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
<input checked="" type="checkbox"/>	POWELL
	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input checked="" type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE



THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Jim Fallows -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: JOdy Powell  
Bob Linder

Re: National Geographic Book

X

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 2, 1977

SL  
J

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM FALLOWS

*Jm*

SUBJECT:

National Geographic Book

Here is another draft of the introduction to Our Country's Presidents, which contains all the corrections you made to the earlier draft. I am sending it back to you because you asked whether you are supposed to sign it. There is no need for you to sign it physically, but the publishers want to run this introduction under your by-line (as was the case for Kennedy, Johnson, Nixon, and Ford).

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for Preservation Purposes**



The President and the Presidency belong to the American people. The people created the office, and select ~~the men~~ <sup>those</sup> who serve.

Our system of government was established to represent different interests, different groups, different ideas. Within that system, Presidents alone can speak for the shared interests of all our people. Their strength comes from the people, and <sup>this strength</sup> ~~can use it to~~ help us find unity in our diversity.

Only the President can call on the American people to make a sacrifice and explain the purpose of that sacrifice. <sup>The President</sup> ~~He alone can harness~~ <sup>marshall</sup> the tremendous resources of our country <sup>to overcome great difficulty and to</sup> ~~to support a strong defense and understandable foreign~~ <sup>achieve noble goals.</sup> ~~policy.~~

Within my lifetime, I have seen Franklin Roosevelt's "New Deal" lead us out of the bitter days of the Depression and unite us through the grief and tragedy of a world war. Harry Truman's "Fair Deal" made us face our responsibilities in the community of nations. John F. Kennedy's "New Frontier" <sup>reach for the</sup> ~~led us to the~~ stars. Lyndon Johnson's "Great Society" led us to right civil wrongs and help our poor and hungry.

We have asked a varied group of men to lead us. Some were born in log cabins, others were raised in mansions. They came from <sup>large</sup> ~~cities~~ and small towns. They were lawyers and

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tailors, soldiers and scholars. Some actively sought the office, others had it thrust <sup>upon</sup> ~~on~~ them. Some are remembered with many monuments; others' names are difficult to recall.

Every American should know the 39 men whose histories are told here. As our chosen leaders they created the America we live in, just as we are shaping an America for our children and our children's children.

They represent us: our past, our present and our future.

# # #

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THE WHITE HOUSE

WASHINGTON

June 1, 1977

To Fallows  
J.

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *J.*  
SUBJECT: National Geographic Book

The National Geographic Society publishes a series of historical books, in cooperation with the White House Curator's office. They are sold to people who tour the White House, and the proceeds go to the Curator's office to help buy art and antiques.

Every President since Kennedy has written an introduction to the book called Our Country's Presidents, a collection of short biographies. Jody has told the Geographic that you will do the same. Here is a draft of the introduction, for your approval.

*Jim -*  
a) Am I signing this?  
b) Remove sexism from future possible presidents  
c) correct as indicated



The President and the Presidency belong to the American people. <sup>The people</sup> We created the office, <sup>and</sup> ~~we~~ select the men who serve.

Our system of government was established to represent different interests, different groups, different ideas. Within that system, ~~the~~ President alone can speak for the shared interests of all our people. <sup>Their</sup> ~~His~~ strength comes from the people, and ~~he~~ can use it to help us find unity in our diversity.

Only the President can call on the American people to make a sacrifice and explain the purpose of that sacrifice. He alone can harness the tremendous resources of our country to support a strong defense and understandable foreign policy.

Within my lifetime, I have seen Franklin Roosevelt's "New Deal" lead us out of the bitter days of the Depression and unite us through the grief and tragedy of a world war. Harry Truman's "Fair Deal" made us face our responsibilities in the community of nations. John F. Kennedy's "New Frontier" led us to the stars. Lyndon Johnson's "Great Society" led us to right civil wrongs and help our poor and hungry.

We have asked a varied group of men to lead us. Some were born in log cabins, others were raised in mansions. They came from cities and small towns. They were lawyers and



tailors, soldiers and scholars. Some actively sought the office, others had it thrust on them. Some are remembered with ~~marble~~<sup>many</sup> monuments; others' names are difficult to recall.

Every American should know the 39 men whose histories are told here. As our chosen leaders they created the America we live in, just as we are shaping an America for our children and our children's children.

They are "us": our past, our present and our future.

↑  
incorrect.  
"we" # # #  
may change  
to "represent"



THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Margaret McKenna

Re: Colston Lewis

The attached letter was signed by  
the President and is given to you  
to arrange for delivery.

A copy of this letter has been given  
to Records Office for their infor-  
mation.

Rick Hutcheson

cc: Hamilton Jordan

Bob Lipshutz

Jim King

X



---

THE WHITE HOUSE  
WASHINGTON

Note  
Margaret McKenna  
wants to handcarry  
This

cc HJ  
RJL  
Jim King

THE WHITE HOUSE

WASHINGTON

June 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HAMILTON JORDAN  
MARGARET MCKENNA

*H. J. McKenna*

SUBJECT:

Reappointment of EEOC Commissioner

Eleanor Holmes Norton has requested that you not reappoint Colston Lewis to another term to one of the Republican seats at the EEOC. There is almost unanimous agreement from business, labor and civil rights groups to replace him. He is mounting a campaign for reappointment, and Ms. Norton believes her job will be easier if the attached letter is sent now. The letter indicates that he will not be reappointed nor held over so he should expect to leave the position on June 30.

Attachment



THE WHITE HOUSE

WASHINGTON

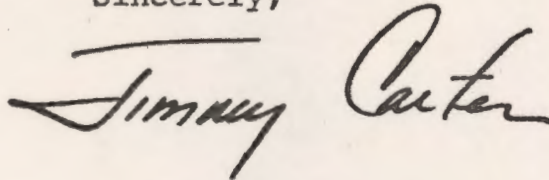
June 3, 1977

To Colston Lewis

As you complete your term of office as a Member of the Equal Employment Opportunity Commission on June 30, 1977, I want to thank you for your years of dedicated service to the Commission.

You have not only my appreciation but that of the American people for the contributions you have made these past five years to the work of the Commission and to the cause of equal employment opportunity for all our citizens.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J", and the last name "Carter" follows in a similar cursive script.

The Honorable Colston A. Lewis  
Member  
Equal Employment Opportunity Commission  
1800 G Street, N. W.  
Washington, D. C. 20506

June 3, 1977

To Colston Lewis

As you complete your term of office as a Member of the Equal Employment Opportunity Commission on June 30, 1977, I want to thank you for your years of dedicated service to the Commission.

You have not only my appreciation but that of the American people for the contributions you have made these past five years to the work of the Commission and to the cause of equal employment opportunity for all our citizens.

Sincerely,

The Honorable Colston A. Lewis  
Member  
Equal Employment Opportunity Commission  
1800 G Street, N. W.  
Washington, D. C. 20506

JC/HJ/MMcK/ec



DRAFT

DRAFT

DRAFT

DRAFT

MR.  
Dear ~~Commissioner~~ Lewis :

June 30

DRAFT

Your term of office will end ~~June 30~~, 1977. I want to thank  
you for your ~~years of~~ <sup>years of</sup> ~~committed~~ <sup>to the EEOC</sup> service ~~to the nation on behalf of equal~~  
~~opportunity~~. As you leave office, you have not only my ~~deep~~ appre-  
ciation but that of the American people <sup>for that service</sup>.

Sincerely yours,

DRAFT

JIMMY CARTER

HONORABLE

A.

→ ~~Commissioner~~ Colston Lewis

~~MEMBER~~ Equal Employment Opportunity Commission

1800 G Street N. W.

Washington, D. C. 20506

DRAFT

DRAFT



THE WHITE HOUSE

WASHINGTON

Dear Mr. Lewis:

Your term of office will end June 30, 1977.  
I want to thank you for your years of service  
to the Equal Employment Opportunity Commission.  
As you leave office, you have not only my  
appreciation but that of the American people  
for your service.

Sincerely yours,

Honorable Colston A. Lewis  
Member  
Equal Employment Opportunity Commission  
1800 G Street, N. W.  
Washington, D. C. 20506



THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Stu Eizenstat  
Frank Moore  
Hamilton Jordan  
Jack Watson

The attached was returned in the  
President's outbox and is forwarded  
to you for your information.

Rick Hutcheson

Re: Telephone Calls to Congressman  
Foley & Poage re "Farm Bill"

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
	X	EIZENSTAT	CAB DECISION
	X	JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
	X	WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE



THE WHITE HOUSE  
WASHINGTON

June 2, 1977

*done*  
*J*

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
FRANK MOORE

*Stu*  
*FM.*

SUBJECT:

Recommendations for Telephone Calls

Attached are recommendations for telephone calls to Congressman Foley and Congressman Poage to thank them for helping to "hold the line" on the Farm Bill.

Congressman Foley particularly feels as if he has really stuck his neck out for the Administration, since he represents a heavily agricultural district and has come in so far under the Senate bill.

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for Preservation Purposes**

CONGRESSMAN FOLEY



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for Preservation Purposes

done  
J

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Congressman Tom Foley  
Chairman, House Agriculture Committee

DATE: No particular date.

RECOMMENDED  
BY: Stu Eizenstat and Lynn Daft with the concurrence  
of Bob Bergland, Carol Foreman and Howard Hjort.

PURPOSE: To thank the Congressman for his cooperation  
with us in developing an acceptable farm  
bill proposal.

BACKGROUND: Congressmen Foley and Poage both worked hard  
within the Agriculture Committee to fashion a  
farm program proposal close to the Administra-  
tion position. Though the reported bill will  
be slightly more costly than our proposal  
(\$2.2b vs. \$2.0b) and will contain a few minor  
provisions we find objectionable, on the whole,  
it is an acceptable bill. The food stamp  
provisions are still in mark-up. Mr. Foley  
has also been extremely supportive of our food  
stamp proposals.

TOPICS OF  
DISCUSSION:

1. Our gratitude for the Chairman's effective  
leadership in guiding the Agriculture  
Committee to a farm bill proposal that is  
responsive to farm community needs and, at  
the same time, fiscally responsible.
2. Our hope that a bill close to the Administra-  
tion and the House versions of the farm  
bill can be sustained in Conference (to  
take place in late June or early July).
3. Our appreciation for what the Chairman  
is doing to keep the Committee food stamp  
bill close to the Administration proposal.  
You might stress the importance of administra-  
tive simplicity and our concern that pending  
proposals to count public housing as income  
and to adopt a recoupment provision would  
greatly complicate administration of the  
program.

CONGRESSMAN POAGE



THE WHITE HOUSE  
WASHINGTON

done  
J

RECOMMENDED TELEPHONE CALL

TO: Congressman Bob Poage

DATE: No particular date.

RECOMMENDED  
BY: Stu Eizenstat and Lynn Daft with the concurrence  
of Bob Bergland and Howard Hjort.

PURPOSE: To thank the Congressman for his cooperation  
with us in developing an acceptable farm  
bill proposal.

BACKGROUND: Congressmen Poage and Foley both worked hard  
within the Agriculture Committee to fashion a  
farm bill proposal close to the Administration's  
position. Mr. Poage underwent an operation  
last week (for a tumor that was reportedly  
found to be nonmalignant) and is now con-  
valescing at Bethesda Naval Hospital where he  
is expected to remain until about Friday, June  
3rd. He is able to receive calls now.

TOPICS OF  
DISCUSSION: 1. Our pleasure of hearing that the operation  
went well and our wish for a continued  
rapid recovery.

2. Our gratitude for his experienced help  
in developing the Committee's farm bill  
proposal.

**Electrostatic Copy Made  
for Preservation Purposes**

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THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Hamilton Jordan  
Jack Watson  
Jim King

For your information the attached  
letter has been sent to Secretary  
Califano today.

Rick Hutcheson

Re: Staff in Consumer Affairs  
Office



THE WHITE HOUSE  
WASHINGTON

to *Califano*

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
X	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE

WASHINGTON

June 2, 1977

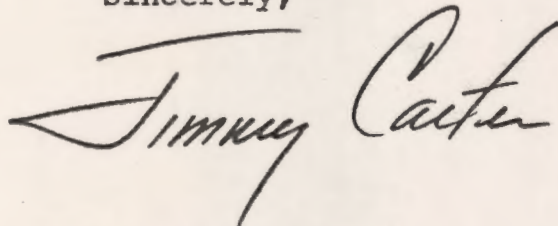
To Secretary Califano

When Esther Peterson accepted my offer to come to work on the passage of the consumer protection legislation, I promised her adequate staff out of the Consumer Affairs Office in HEW. She has two Schedule C slots from HEW now.

I would like for you to make two additional slots from that Office available to Esther to assist her in this important work.

Please contact Esther and work out the details as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Joseph A. Califano, Jr.  
Secretary of Health, Education and Welfare  
Washington, D. C. 20201

*Joe: I tried to call. She  
needs 2 GS14's  
J*



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM TO: HAMILTON JORDAN  
1st Fl WW

June 1, 1977

FROM: ESTHER PETERSON

I'm in trouble. I thought I was promised four Schedule C slots from the Office of Consumer Affairs, HEW, for my staff. Joe will give only two. It leaves me stranded. I have two lawyers, one top administrative assistant, and one press person. Our secretaries are borrowed from Office of Consumer Affairs at HEW and from other agencies.

I cannot operate without those two schedule C slots.

Please advise.

June 2, 1977

To Secretary Califano

When Esther Peterson accepted my offer to come to work on the passage of the consumer protection legislation, I promised her adequate staff out of the Consumer Affairs Office in HEW. She has two Schedule C slots from HEW now.

I would like for you to make two additional slots from that Office available to Esther to assist her in this important work.

Please contact Esther and work out the details as soon as possible.

Sincerely,

The Honorable Joseph A. Califano, Jr.  
Secretary of Health, Education and Welfare  
Washington, D. C. 20201

JC/HJ/ ec



THE WHITE HOUSE

WASHINGTON

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1st Fl WW

June 1, 1977

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---

THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Hamilton Jordan  
Jack Watson  
Jim King

For your information the attached  
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Califano today.

Rick Hutcheson

Re: Staff in Consumer Affairs  
Office



THE WHITE HOUSE  
WASHINGTON

June 2, 1977

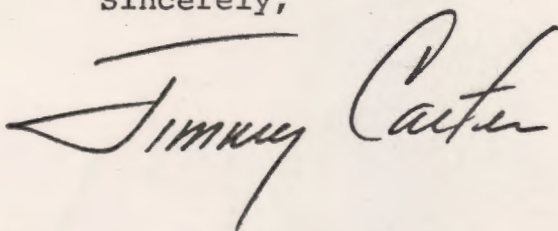
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The Honorable Joseph A. Califano, Jr.  
Secretary of Health, Education and Welfare  
Washington, D. C. 20201

*Joe: I tried to call. She  
needs 2 GS14's*

*J*

*"*



THE WHITE HOUSE  
WASHINGTON

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1st Fl WW

June 1, 1977

FROM: ESTHER PETERSON

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I cannot operate without those two schedule C slots.

Please advise.



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 2, 1977

MEETING WITH THE HOUSE WAYS AND MEANS COMMITTEE

Friday, June 3, 1977

8:00 a.m. (60 minutes)

The State Dining Room

I. PURPOSE

To meet with the Democratic and Republican Members of the House Ways and Means Committee.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: The House Ways and Means Committee, chaired by Rep. Al Ullman (Oregon), has jurisdiction over Title II of the National Energy Act. Title II is the heart of the program. It establishes incentives either through tax credits or increased energy charges to encourage investment in the more energy efficient stock of capital goods which this country must have if we are to avoid vulnerability to foreign oil supplies. The specific parts of the National Energy Act that are before the Committee include:

- Residential Energy Tax Credits
- The Gas Guzzler Tax <
- The Standby Gasoline Tax <
- Motor Boat and General Aviation Taxes
- Removal of the Excise Tax on Buses
- Business Energy Tax Credits
- The Crude Oil Equalization Tax (Wellhead Tax) <
- The Oil and Natural Gas Consumption Taxes <
- The Geothermal Tax Incentives
- Minimum Tax Treatment of Intangible Drilling Expense for Small Producers

The Committee begins its mark-up of Title II of the National Energy Act on Monday morning, June 6, beginning with the residential energy tax credit and moving through Title II in the order it is laid out in the bill as described above. The Committee hopes to complete action on the bill by June 30, 1977. Many of the Members of the Ways and Means Committee are not as familiar with specific energy issues as are the Members of the Energy and Power Subcommittee. The Members have been making a very dedicated effort to learn the program over the course of the last few weeks, and have attended hearings to apprise themselves of the details and interrelationships of the various provisions of the program. In addition, the energy staff has held a series of morning briefings on the various specific proposals in the program as well as general issues raised by the Members in their efforts to better understand the details.



Participants: The President, Dr. Schlesinger, Reps. Ullman, James Burke, Rostenkowski, Vanik, Corman, Gibbons, Pickle, Rangel, James Jones, Mikva, Fisher, Harold Ford, Brodhead, Jenkins, Gephardt, Tucker, Conable, Duncan, Archer, Vander Jagt, Steiger, Frenzel, Martin, Ketchum, Schultze, Gradison; Secretary Blumenthal, Under Secretary of Treasury Larry Woodworth, Frank Moore, Bill Cable, Valerie Pinson, Jim Free, and Fred Hitz.

Press Plan: 1 - 2 minute photo session at the beginning of the meeting.

### III. TALKING POINTS

The general points you may want to stress will be the same as those you used with the Energy and Power Subcommittee:

1. The energy program remains your highest legislative priority. <
2. The Administration wants to work with the Congress through these crucial legislative days to develop a broadly acceptable energy policy. <
3. Both the Administration and the Congress will be discredited by failure to agree and follow through on an effective national energy program. <
4. You intend to meet with Members on each of the Committees involved in the legislation at the time they begin mark-up in order to ask their help with the program. <

Their most serious concerns include:

#### 1. Rebates in General

There is a growing undercurrent of feeling among the Members that the per capita rebates for the Standby Gasoline Tax and the Wellhead Equalization Tax are neither politically salable nor credible. At every opportunity during the course of the Committee's hearings, Members on both sides of the aisle repeatedly expressed concern over their perception that the Administration was not really committed to rebating these funds on a per capita basis, but rather was using that as a smokescreen for some hidden purpose in the future. These feelings are basically attributable to comments made when the program was introduced that the options for the future use of these funds would be kept open. Frequent reference has been made to the withdrawal of the \$50 tax refund as a further indication of the unreliability of rebates.



It is important to stress that the proposal sent up to the Congress unequivocally provides for per capita rebates for both the wellhead tax and standby gasoline tax. Administrations always have the option of reassessing the use of revenues, but once the present proposal passes, it would take another act of Congress to change the use of it. Stressing your commitment to the proposed program is important to maintain its credibility.

Use of the withholding tax as a means for immediately returning tax revenues to the vast majority of taxpayers, thereby minimizing the fiscal drag on the economy for either of the rebates, is also an important point to stress in terms of the reasons for choosing the rebate approach.

## 2. The Gas Guzzler Tax

The Ways and Means Committee Members are very much concerned about the rebate portion of the Gas Guzzler Tax. On the one hand, they fear it would be used to finance the purchase of more fuel efficient foreign automobiles. On the other, they are concerned that if no foreign rebates are given, we would be compromising free trade principles.

The Special Trade Representative is in the process of exploring with our trading partners the kind of agreements that might be worked out on a nation-by-nation basis with respect to rebates for foreign imports.

It is important to stress that even if the appropriate agreements cannot be executed, some means must be found to increase the demand for more fuel efficient automobiles if we are to meet the mandated fuel economy standards. If rebates fail, some method -- perhaps a further increase in the proposed gas guzzler tax to achieve an equal amount of fuel efficient purchases -- will be needed.

## 3. Standby Gasoline Tax

There is a growing sentiment on the Committee that the Standby Tax in its current form cannot be passed. If it is to be saved, some Members of the Committee feel that some portion of it must be earmarked for specific energy related expenditures such as mass transit and development of solar energy. Their concern is that at least some portion of the funds be spent on tangible energy objectives they can point to when they go home, instead of a program that simply moves money around.

As to the earmarking of standby gas tax funds, it should be pointed out that any major expenditures for which the gasoline tax is saved will create substantial fiscal drag on the economy if there is a gap between the time the funds are collected and the time they are spent (i.e., a major mass transit project). Some consideration to earmarking perhaps several cents of just the first nickel for mass transit or other energy expenditures, as well as a possibility of returning another cent to the states to help cover the loss in revenues to them as a result of reduced gasoline consumption, is something you may want to consider if it is necessary to make the tax more politically acceptable. The feeling persists that the gasoline tax is a throw-away that you are willing to abandon quickly. It is important to stress not only the longer range conservation impact of the tax, but also the psychological

#### 4. Oil and Gas Consumption Taxes

This is perhaps the most misunderstood portion of the entire energy program. It is essential that members understand that the oil and gas use tax applies only to those industrial firms which use more than half a trillion Btu's per year, the 2000 largest oil and gas industrial users out of approximately 100,000 in the nation. These users account for 91 percent of all the industrial oil and natural gas used. The other 98,000 smaller industrial users will be impacted by the gentler incremental pricing provisions of the natural gas pricing proposal.



effects of rallying the country in an effort to avoid the tax and of constantly reminding gasoline consumers of the serious challenge we continue to face in the years ahead.

For those who are suggesting the Standby Tax be replaced with minimum mileage standards or licensing taxes, it should be pointed out that the effect of either in the short term on Detroit and auto-employment could be far worse than the Energy Plan's proposals.

#### 4. Oil and Gas Consumption Taxes

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By providing these large firms with the option of avoiding this phased-in tax through annual conversion expenditures equal to the amount of tax liability in any given year, the timing of conversions is spread through the time frame between now and 1985. This is designed to avoid a rush for new boilers, coal supplies and transportation facilities.

Since the lead-time for construction of new mines and transportation facilities to burn coal is less than the time needed to build the facilities to burn the coal, it is anticipated that the infrastructure for meeting the increased coal conversion objectives can be built in time. This staging of conversion investments also means that we are hopeful that coal prices can be maintained at reasonable levels.

The tax on 2000 largest industrial users is set to bring natural gas up to the Btu equivalent of distillate fuel oil by 1988 for utilities and 1985 for industries. The oil tax will establish a level of oil price above the world price for distillate. On a Btu equivalency basis, the oil is priced higher than the gas so that all the savings from the coal conversion program show up as reduced oil consumption and imports. This is a critical point. The Plan contemplates substantial conversions from gas to coal, from oil to coal, and from oil to natural gas. Gas freed up from under boilers is therefore made available for higher uses in industry, displacing oil and resulting in a 2.8 million barrel per day reduction in oil demand as a result of both oil and gas conversions to coal.

Many Members are deeply concerned about the fact that the oil and gas consumption taxes apply to not only boiler fuel use of oil and natural gas but process uses as well. The decision was made to tax



process users in an effort to encourage conservation, stimulate the deregulation of new technologies, and recognize the premium nature of these fuels for industrial use so as to have an effect on industrial investment activities.

It is also important to stress that the carrot-stick effect of the tax rebate program is substantial. By using any taxes payable to help finance conversions, and subsequently allowing a full depreciation deduction for facilities so financed, this program provides an extremely strong driving force for conversion. Eighty percent of our projected additions of 200 million tons of additional coal use by 1985 comes from the oil and gas conservation taxes.

##### 5. Pace of Congressional Consideration

The Ways and Means Committee appears determined to move the program forward as fast as possible, and is not as concerned about slowing the process down as some of the Energy and Power Subcommittee Members. The Committee as a whole has sent a number of inquiries to the Energy Office which should be answered by the time of this meeting. A thankful note for their cooperation in moving the program forward this fast would be appreciated.

Attachment 1 is a description of each Member of the Committee. Attachment 2 is a summary outline of those sections of the plan for which the Committee is responsible.



ATTACHMENT 1 (from FEA Congressional Affairs Office)

Ways and Means Committee

Committee Democrats are moderate to liberal in their voting patterns, except for Burleson, Waggoner, Pickle, Jones and Holland. Jenkins, newly elected, is apt to fall in the conservative camp as well. The three other new Democrats -- Gephardt, Tucker, and Lederer -- are likely to align themselves with the moderate/liberal camp, based on their districts and past records.

The Republicans are conservative, except for Steiger and Frenzel, who are more middle of the road. Conable has been conservative on substantive issues, but more progressive on procedural matters, like congressional reform. There are no freshman Republicans on the Committee.

Al Ullman (D-Ore.)

The Chairman, according to other Committee Democrats, must be the key person to promote the Administration's proposals, but needs strong support from the Administration in this effort. He believes that the standby gas tax and the guzzler tax stand slim chance of passage, although he supports the concepts; was badly hurt when similar proposals were soundly defeated on the House floor in 1975; very cautious about the strength of Administration support, especially since the \$50 rebate program was abruptly withdrawn.

He has encouraged Committee Members to push their own compromises on the standby gas tax and the guzzler tax, which may further indicate his reluctance to assume strong support of the Administration bill.

He has indicated that the Committee will need time to work out technical difficulties in implementation of the crude oil equalization tax; he supports it. He has suggested that the American Petroleum Institute submit its ideas for changes in the definition of "new" natural gas, and that the AFL-CIO submit its rationing proposals.

James Burke (D-Mass.)

He is very concerned that the tax provisions of the NEA are unfair to the middle and lower working class, particularly in New England, since that region is already suffering from very high energy prices; doubts that the rebate plan would be workable.



Dan Rostenkowski (D-Ill.)

He stresses the need for the Administration to exercise a strong leadership role, and believes that many Democrats will vote for the standby gas tax and the gas guzzler tax if the President asks them; fears that the rebate plan would help the foreign auto industry, but understands that by applying rebates only to American autos the U.S. would violate international agreements.

He believes that the bill is "conspicuously lacking" in the mass transit area; is also concerned that the Act will adversely affect the recreational vehicle industry. His Chicago constituents support rationing instead of the standby gas tax, if the energy situation is genuinely the "moral equivalent of war."

Charles A. Vanik (D-Ohio)

As Chairman of the Ways and Means Trade Subcommittee, he is concerned over the international implications of the rebate proposal and has moved to strike it; has also proposed the elimination of present business deduction for fuel inefficient autos; has proposed a two tier gas tax amendment imposing a 5¢-30¢ tax above a basic number of gallons consumed; supports an excise tax on leaded gas to equalize the price of leaded and unleaded gas.

He supports the concept of the U.S. becoming the sole crude oil importer, increased R&D efforts, and increased competition in the energy industry.

Omar Burleson (D-Texas) -- will not be attending meeting

He believes that the NEA contains insufficient incentives for expanded oil and gas production; maintains that plenty of oil and gas reserves are available underground, but the industry must have adequate incentives to continue increased exploration and development. Consequently, he supports total deregulation and decontrol of oil and gas prices as the only real answer to increase these energy supplies.

James Corman (D-Calif.)

He has suggested a mandatory tax on all cars below a certain minimum fuel efficiency; has also suggested enactment of a law prohibiting production of energy inefficient autos. (If a gas guzzler tax is enacted, he suggests that the revenues should be used for public transportation and energy research.) He has an amendment providing a graduated excise tax on increases in gas prices (25% for the first 4-cent increase over a base price, 50% of the second 4-cents, 75% of the next 4-cents, and 90% of any additional increase). Revenue collected would be rebated to consumers.



He believes that the standby gas tax and the rebate portion of the guzzler tax are dead; interested in working with the Administration to help those parts of the bill in trouble.

He believes that Ullman must be encouraged to support the Administration, particularly on the standby gas tax and the guzzler tax, since he and many Members were hurt politically in 1975 on their votes on these issues.

Sam Gibbons (D-Fla.)

Is a strong ally in getting the President's program through Ways & Means; has offered whatever help is asked of him from the White House; recommended the White House take a strong leadership position with Majority members. He has indicated he has no problems with any of the tax provisions of Title II. However, he would prefer to see as many provisions as possible handled outside the tax system since the IRS Code is already so complicated; example: pay the home insulation subsidy directly through HUD rather than as a tax credit. Probably his key reservation is whether or not the program goes far enough; the public may adapt to the gasoline tax and not change its driving habits.

Joe Waggoner (D-La.) -- will not be attending meeting

Waggoner is probably the most vocal Democrat opposing the tax provisions. His stance is pro-industry/pro-deregulation. He has stated opposition to the auto and gasoline taxes during public hearings and will offer amendments:

1) Will attempt to delete the standby gas tax, but if it passes, will propose that the rebate go only to gas users; 1% of the tax would go to oil companies for administrative expenses. 2) Will attempt to delete the gas guzzler tax/rebate or terminate it after four years; auto inefficiency tax would apply to both domestic and foreign cars, but the rebate would apply only to domestic cars. Waggoner will probably oppose the crude equalization tax; does not believe there is adequate incentive for developing further supply; feels that these revenues would be better plowed back for new exploration and R&D. He is also concerned that mandated coal conversions will result in higher consumer prices and, from a regional standpoint, that the Southwest will bear the heaviest burden. He has stated that the Administration plan is trying to please the Environmentalists on the one hand (ban on breeder reactor) and the Northeast on the other (making the South bear the burden of increased fuel costs for consumers on a national scale.). Waggoner also supports continuation of the Breeder and opposes Federal van-pooling.



Otis Pike (D-NY) -- will not be attending meeting

Is a strong supporter of the bill, having written the President in support of it; has no problems with any of the taxes proposed in Title II, but feels that both the gasoline and guzzler taxes are in trouble in Committee. Part of the problem is how the revenues will be used and the absence of a mass transit program. Pike has urged the White House to take a strong leadership role with the Majority Members.

J. J. Pickle (D-Texas)

He is strongly opposed to placing intrastate natural gas prices under price controls and to the coal conversion program contained in the NEA; contends that the coal conversion will place an unfair burden on the South due to the huge expense involved; claims that the U.S. can neither produce nor transport the amount of coal to meet the goals in the Plan. He is also concerned that if the NEA is enacted utility prices in central Texas will skyrocket - increasing by 400%.

He will submit amendments to extend insulation and solar heating credits to secondary as well as primary residences. In addition, tenants in rental buildings would receive a credit if the money they spent on insulation was not refunded by the landlord. Condominium owners would receive a pro rata credit.

Charles Rangel (D-NY)

As a liberal, urban-consumer oriented Member, Rangel opposes the gasoline, gas guzzler and crude equalization taxes which he deems will hurt the middle and lower-income classes. (It may be noted, however, that Rangel voted for both a gasoline tax and guzzler tax in the 94th.) As alternatives, he favors 1) restricting oil imports, 2) allocating domestic oil, 3) allocating or rationing gasoline, and 4) banning gas guzzlers. (Rangel also supports horizontal divestiture.) Rangel will offer an amendment to delay indefinitely reducing the Federal Gas Tax from 4¢ to 1.5¢, scheduled to take effect in October 1979, and apply these funds for mass transit, development of exotic energy sources, and aid to state/local governments to defray energy costs. Rangel has also offered an amendment to provide tax credits for renters and second-home owners (condominiums and the like) for insulation and solar systems.



William Cotter (D-Conn). -- will not be attending meeting

Cotter has major problems with the gas guzzler and gasoline tax (believes they are dead issues) and potential problems with the crude equalization and user taxes. Although he voted for similar provisions on autos and gasoline in the 94th he does not believe the proposals will work at the levels prescribed. He said "the rich can handle it and the little guy will suffer." As alternatives, he favors either a direct ban on gas guzzlers, provided the economic impact is not detrimental or else a high civil penalty for non-compliance with EPCA mpg standards or a much higher guzzler tax. He favors rationing versus the gasoline tax. New England is heavily dependent on crude and home heating oil. Therefore, from a regional bias, Cotter could have problems voting for 1) the user taxes (on natural gas and oil) because of environmental problems of New England in switching to coal; and 2) the crude equalization tax, unless figures prove substantial conservation savings.

Fortney "Pete" Stark (D-Cal) -- will not be attending meeting

He maintains that the NEA allows the wealthy to buy their way out of making the sacrifices placed upon the rest of American citizens; contends that banning gas-guzzlers from being produced would be the most effective and certain method of conserving gas; has also suggested that the Federal income tax on utilities ("a phantom tax"), which is collected but often not paid to the Federal government, should be dropped entirely and replaced with a 2% user's tax on utilities.

He was the sponsor of the 20-cent a gallon gas tax amendment in the 94th Congress, which received 72 votes.

James Jones (D-Okla)

Jones is another Member critical of the taxing provisions of the Bill. His gravest problem, as a representative of a major producer state, is with the crude oil equalization tax. "The Plan means that Oklahoma's natural resources will subsidize the Northeast." Jones views the energy problem as more a lack of incentive for production than lack of supply. He favors getting Government out of the picture, and decontrolling oil prices with a windfall profits tax as a safeguard. He regards the taxing system as a cumbersome way to artificially create world pricing and feels it will increase the bureaucracy. If taxes are imposed at the wellhead, there should be a plowback provision for new exploration. He is opposed to the "new oil" definition.

Jones also fails to see how rebating home fuel taxes will foster conservation. He disagreed with Administration witness' rebuttal that seeing what fuel oil would have cost without the rebate would induce conservation by homeowners.



Jones is also highly critical of the gas guzzler tax and will propose an amendment to delete the rebate portion. He fears the rebate will subsidize foreign manufacturers to the detriment of the domestic auto industry, and has raised the question of mandating that only fuel efficient cars be manufactured. On the gasoline tax, he has met with Mikva, Gephardt, Corman, Tucker and Brodhead to discuss alternatives for disbursing the revenues, eg. possible public transit and energy research as recipients.

Andrew Jacobs (D-Ind.) -- will not be attending meeting

He and his wife, Rep. Martha Keys, have introduced a bill that would ban the manufacture of autos after 1982 which do not obtain 25 mpg. He agrees with Rep. Stark that the NEA allows the wealthy to buy their way around the restrictions, resulting in an unwise program with an adverse effect on the nation's energy needs. He also inquired from AFL-CIO representatives as to the location of the ration stamps Mr. Nixon has printed. He fears that possibly "all this intervention and taxation will serve only to hike up the national debt and lower the economy."

Abner Mikva (D-Ill.)

He feels that the standby gas tax and the gas guzzler tax will fail, and so he is involved (along with Gephardt, Corman, Jones, and Tucker) in seeking alternatives to these taxes. However, Rep. Mikva feels that if there is any chance for either the standby gas tax or the gas guzzler tax some portion of the revenues must be used for public transportation and additional energy research. This suggestion also reflects his doubts about the effectiveness of the rebate plan.

He will submit an amendment to impose a graduated tax on vehicles weighing more than 3,000 pounds, which could rise to \$350 for vehicles weighing 5,500 pounds or more. The tax would be reduced by 50% for 3 or more dependents per registered vehicle. Credit would also be given to states that had similar programs. He also proposes federal license fees based on weight and engine size.

Martha Keys (D-Kansas) -- will not be attending meeting

She, along with her husband, has introduced a measure mandating fuel-efficient autos, rather than relying on the gas guzzler tax plan. She also believes that the odd-even gas days and the Sunday gas station closings are fairer than the proposed standby tax; however, it is her understanding that the measures employed during the previous energy crisis had resulted in reduced consumption at that time. She does not believe that the gas guzzler tax is justified merely to offset the increase in consumption caused by the failure to meet fuel efficiency standards. She also supports expanded development of alternative sources of energy, and has proposed an amendment to bring wind-generated facilities



under the solar tax credit.

Dr. Schlesinger's characterization of the NEA as maximizing taxation and minimizing mandates makes her "shudder".

Joseph Fisher (D-Va.)

He believes that the standby gas tax and the gas guzzler tax will fail, and suggests that the Administration have a fall-back position. He also contends that the rebate plan will create serious problems in terms of international trade agreements; either the U.S. subsidizes foreign countries, which is not acceptable to Congress, or no rebate is granted and GATT is violated.

He does not feel that there are many new initiatives in the NEA. Moreover, he has lost some confidence in the Administration as a result of the abrupt turnaround on the \$50 rebate proposal. However, he is supportive of many parts of the NEA, but would like limits on oil imports. He also agrees with Representative Goldwater's suggestion that a new tax deduction for passenger cars used in carpools should be considered.

Harold Ford (D-Tenn.)

Although he seldom attended hearings or made public pronouncements, Ford has indicated privately to liaison staff that he has no problems with the gas guzzler, crude equalization or user taxes. He does not believe the gasoline tax will pass, but if so, he wants some portion of this and the gas guzzler tax to apply for public transportation or energy research. To note: Ford supported such taxes in the 94th Congress.

Ken Holland (D-S.C.) -- will not be attending meeting

He believes that the standby gas tax and the gas guzzler tax stand little chance of passage, and he suggests that the Committee should look for stronger measures which are fairer to all Americans. He thinks that gas rationing should be seriously considered. He feels that the NEA, if enacted, would severely harm the economy causing unemployment to increase.

William Brodhead (D-Mich.)

He has formally declared himself against the gas guzzler tax and rebate plan, stating that testimony from the UAW "drives the nail into the coffin of this very ill-conceived proposal." (This is not surprising since Representative Brodhead represents part of Detroit).

He is, however, willing to work with the Administration to develop alternatives, even though he has been put off by the Administration's inability to answer his questions to Treasury on the gas guzzler proposal. He is willing to support the standby gas tax, but would like some of the revenues collected to be spent on public transportation and energy research.



Edgar Jenkins (D-Ga.)

Has concerns with the gasoline tax: how it would affect food prices, inasmuch as food is transported largely by truck, and how it would affect the housing industry. He indicated that analyses of the impact of the Plan on the nation's economy and its different segments is lacking. Jenkins also raised questions as to whether there are sufficient incentives for new oil and gas exploration.

Richard Gephardt (D-Mo.)

Believes it would be better to put at least some of the revenues into mass-transit. Gephardt will probably introduce an amendment which would delete rebates and per-capita payments and apply these revenues to a special fund under the aegis of the Highway Trust Fund for R & D and transportation bloc grants to states. (Ullman encouraged Gephardt to pursue his amendment and Mikva and Tucker have indicated support).

Gephardt also suggested that there should be a series of milestones in the legislation for regular reporting periods to Congress as to whether the Plan is working or not.

Jim Guy Tucker (D-Ark.)

He is very concerned with the lack of any provision for propane rebates, especially since more propane is used in Arkansas than any other state and since this fuel is widely used by his rural constituency for home heating. He is concerned also with the regional/state inequities of impact and believes that a state-by-state impact analysis would point out these inequities. Thus, he is very interested in data from the Administration regarding this issue, and has been very unhappy that data has not been provided to him to date.

He appears to oppose the gas tax, stating that it is "nothing more than a regressive sales tax", and seems to be opting for a standby rationing plan instead. He also approves Secretary Adams' suggestion for applying revenues toward mass transit and transportation projects.

Raymond Lederer (D-Pa.)

Has fairly consistently attended the hearings, but has not expressed his views yet in Committee.



Barber Conable, Republican, New York - Mr. Conable feels that the energy Plan relies too heavily on taxation. He has said that it is a form of income reallocation, and that the whole Plan is "a mile wide and an inch deep."

He is against the gasoline tax and rebates, and feels that the overall program does not provide incentives to individuals to cut consumption of energy, but is instead aimed at the nation as a whole. He feels the individual must feel a part of the effort in order to be persuaded to conserve energy.

John Duncan, Republican, Tennessee - Mr. Duncan is very concerned about the administrative and bureaucratic costs of managing the Plan. He has also expressed concern that the Plan places the burden on the pocketbook of the middle-income group.

Bill Archer, Republican, Texas - Mr. Archer is deeply concerned about what he feels would be an imbalance on a regional basis in the Plan. He says that Texans and Louisianans would be paying enormous utility bills if the Plan is approved. He has indicated that he has problems with the "new oil" definition. He has asked the Chamber of Commerce to assist in developing a full counter proposal to the Administration plan.

Guy VanderJagt, Republican, Michigan - Mr. Vander Jagt has posed this theoretical question to Secretary Adams: Do you really believe that there is any way on this earth that Congress will pass a bill that will have the effect of taxing American-made cars while foreign-made cars will all get rebates?

William Steiger, Republican, Wisconsin - Mr. Steiger, early-on in the hearings, indicated that he wasn't seeing enough back-up information analyzing how the Plan would impact on the economy, various regions and states, etc. He specifically said at one point that he was leaning toward supporting the gas-guzzler tax, although he would not vote for the rebates.

However, he has been much impressed with the analyses of the Plan he has been getting from various sources: The Chase Econometric Report, the study by Prof. J.L. Sweeney of Stanford University, and most recently the Congressional Budget Office analysis. These studies have each discounted the Administration's claims about the Plan's effectiveness and its effects in general.



He specifically said that his possible support of the tax on gas-guzzler cars was shaken by Prof. Sweeney's report which shows that the gas-guzzler tax, without the standby gasoline tax, would result in a 12% increase in gasoline consumption by 1990. He has not been favorable to the standby gasoline tax portion of the Plan. He has said that he feels that the tax credit for home insulation is unfair inasmuch as it leaves out those people who've already had their homes insulated on their own initiative, and that evidence suggests that there are many such people.

Philip Crane, Republican, Illinois - Mr. Crane has attended few of the hearings, and has said little. He has commented that "one man's gas-guzzler is another man's necessity", and, hence, at the very least should not be counted as a guzzler tax supporter.

Bill Frenzel, Republican, Minnesota - Mr. Frenzel states that there is very little support in the Committee for either the gas-guzzler tax or the rebates, saying that they are no longer viable proposals.

James Martin, Republican, North Carolina - Mr. Martin has attended only 3 of the hearing sessions and has commented only on the part of the rebate proposal which would put home heating fuel rebates right onto the monthly bill. He said that he did not see how this would result in encouragement of conservation.

- \* L. A. "Skip" Bafalis, Republican, Florida - Mr. Bafalis attended one session of the hearings. On that occasion he said that he was concerned over the potentiality for transporting increased amounts of coal if the conversion plan should go forward. He said that there simply are not enough railroad cars to meet the potential demand. He further stated that incentives aren't adequate to encourage the railroads to meet the demand.

William Ketchum, Republican, California - Mr. Ketchum says that the Plan would treat the consumer unfairly because it would have a double tax on his gasoline, at the wellhead and through the standby gasoline tax, whereas the users of diesel fuel would not get hit by the standby tax.

In terms of coal conversion he has stated that the simple fact is that some states are prohibited from using coal in their utility plants by their environmental laws.

He has further indicated substantial agreement with the oil and gas industry witnesses and the Chamber of Commerce witnesses, who all called for deregulation and argued strongly against the thrust of the Plan.

\* will not be attending meeting



Richard Schulze, Republican, Pennsylvania - Mr. Schulze has expressed concern that the Strategic Petroleum Reserve has not been provided its necessary funding in the Plan.

He has also stated that the rebate portions of the Plan amount to a redistribution of wealth, and he disagrees with the philosophically.

He has also expressed concern about the environmental damage coal will cause, and has indicated that the recreational vehicle industry would be hurt badly by the Plan, as well as those people who already own recreational vehicles.

Willis Gradison, Republican, Ohio - Mr. Gradison has objected to the Plan's provisions for intrastate natural gas prices. He states that the Plan would result in intrastate gas being held below market prices. He said that he doesn't understand how this would result in conservation, if indeed the Administration intended to try to create conservation through the pricing mechanism.



Residential Energy Tax Credit

(Title II, Part A)

- ° Provides a credit against the income tax for qualified energy conservation expenditures or qualified solar expenditures.
- ° The credit, allowed only with respect to expenditures in the taxpayer's principal residence, could not exceed the taxpayer's income tax liability minus other allowable credits against that tax. Homeowners and renters would be eligible.
- ° Any expenditure incurred by an individual for qualified energy conservation components or qualified solar expenditures installed after April 20, 1977 and before January 1, 1985 is eligible.
- ° Conservation investments:
  - Can only be made in homes existing as of April 20, 1977
  - Qualified expenditures include:
    - . ceiling, wall, floor and water heater insulation
    - . storm and thermal windows
    - . replacement burners for furnaces
    - . devices for modifying heating system flue openings



- . electrical or mechanical furnace ignition systems
- . clock thermostats
- . caulking and weatherstripping, but only if installed in conjunction with one other qualifying investment
- The amount of the credit for qualified energy conservation expenditures in a taxable year would be limited to the lesser of \$410 or 25% of the first \$800 and 15% of the excess over \$800.

° Solar investments:

- Qualified expenditures include:
  - . amounts expended in purchasing or installing solar energy property in an existing residence
  - . certain parts of the purchase price of a new principal residence allocable to solar energy equipment.
- Credit for solar expenditures are as follows:

	<u>1st \$1,000</u>	<u>Next \$6,400</u>	<u>Total</u>
1977-1979	40%	25%	\$2,000
1980-1981	30%	20%	\$1,580
1982-1984	25%	15%	\$1,210



## Fuel Efficiency Incentive Tax

(Title II, Part B, Subpart 1)

- ° All new cars and light duty trucks (initially 6,000 lb. gross vehicle weight or less) sold which do not meet the mandatory fuel economy standards established under Title V, Part A of the Energy Policy and Conservation Act would be taxed. The tax would be imposed on the manufacturer. The lower the vehicle's fuel economy, the higher the tax would be.

- Passenger automobiles:

- The maximum tax on passenger automobiles beginning in model year 1978 is \$449 for cars getting less than 13.0 miles per gallon. The tax rate increases with each model year, reaching a maximum for model year 1985 and thereafter of \$2488 for cars getting less than 12.5 miles per gallon. The attached table contains the proposed tax schedule for each model year 1978-85.
- Should the Secretary of Transportation set a fuel economy standard for any model year 1978-85 different from the lowest fuel economy on which no tax is applied in the table, the tax would be adjusted.



The tax schedule would take the same general form as the proposed schedule except that no tax could be imposed on cars meeting or exceeding the fuel economy standard established by the Secretary.

- Light trucks:

- . Standards for light trucks must be established no later than for model year 1979 and thereafter.
  - . The manufacturer would pay no tax on light trucks sold with fuel economies equal to or greater than the truck fuel economy standard for that class of truck.
- ° All new cars and trucks sold which exceed the mandatory fuel economy standards would be eligible for a rebate. The payment or credit would be made to the manufacturer, upon proof that the rebate had been passed on to the consumer. The maximum rebate would vary from \$473 to \$500 for passenger automobiles and light trucks getting more than 39 miles per gallon, depending on the model year in question.



- Passenger automobiles:

- . The rebate paid or credited to manufacturers would become effective for model year 1977 cars sold after May 1. The schedule for the proposed rebates is attached.
- . Should the Secretary of Transportation set fuel economy standards for model year 1977-85 other than the highest fuel economy for which no rebate is given on the proposed schedule, the rebate would be adjusted. The adjustment would be such that rebates would be offered only for automobiles with fuel economy equal to or greater than the average fuel economy standard established by the Secretary.
- . The rebate schedule would be further adjusted as necessary at the beginning of each model year so that the aggregate amount paid out in rebates would approximate as closely as possible the tax revenues collected under this program.



- Light trucks:

- . Beginning in model year 1979, light truck manufacturers who sell trucks which exceed the fuel economy standard for their class of truck would receive a rebate. Should the Secretary set an average fuel economy standard for a class of light trucks that is lower than the fuel economy standard for passenger automobiles, the manufacturer would receive no payment or credit for light trucks with fuel economy equal to or less than the fuel economy standard for passenger automobiles.
- ° Electric passenger automobiles and trucks (vehicles powered primarily by an electric motor) would be eligible for the highest credit or payment available for the model year under this program.
- ° Rebates on passenger automobiles and light trucks manufactured in a country other than the United States and Canada would be available on the basis



of executive agreements entered into between these countries and the United States. These agreements will be designed to assure that domestic manufacturers are not disadvantaged by the tax and rebate system.



Standby Gasoline Tax  
(Title II, Part B, Subpart 2)

° Target Level:

- A series of annual national gasoline consumption targets would be established which would permit limited annual increases in gasoline consumption from 7.35 million barrels per day in 1978 to 7.45 million in 1980.
- From 1980 to 1987, when fuel-efficient cars will become a sizable share of the total automobile fleet, the targets assume annual reductions in gasoline consumption. The target in 1985 would be 6.60 million barrels per day.
- The gasoline target schedule is as follows:

1978	-----	7.350
1979	-----	7.400
1980	-----	7.450
1981	-----	7.400
1982	-----	7.200
1983	-----	7.000
1984	-----	6.800
1985	-----	6.600
1986	-----	6.550
1987, and thereafter	-----	6.500



° Imposition of Tax:

- No tax would be imposed as long as specified annual gasoline consumption targets were achieved.
- Beginning in 1979 a 5 cent per gallon gasoline tax would be imposed for each full percentage point that domestic consumption in the preceding year exceeds the annual gasoline consumption target, subject to two limitations:
  - (1) The tax would not increase or decrease more than 5 cents per gallon from the tax imposed in the preceding year.
  - (2) The tax would not exceed a total of 50 cents per gallon.

° Payment of the Receipts:

- Funds collected from the standby gasoline tax would be rebated to the public on a per capita basis.
- Rebates will be paid to most citizens through the income tax system, certain retirement and survivor benefit programs, and the Aids to Families with Dependent Children program. Those individuals not reached by these mechanisms would be eligible for Special Energy Payments administered by the States.



## Motorboat Gasoline and Fuels for General Aviation

(Title II, Part B, Subpart 3)

### ° Motorboats:

- Two cents of the existing four cent per gallon Federal excise tax on fuel used by motorboats is currently rebated to users. This rebate would be eliminated and the funds transferred to the Land and Water Conservation Fund.

### ° General Aviation:

- The existing Federal gasoline tax on general aviation fuel would be raised from 7 to 11 cents per gallon except that used in support of farming.
- The 4 cents per gallon that would be added under this initiative would go to the general fund. The existing 7 cents per gallon would continue to go to the Airport and Airways Trust Fund to support the Federal airways system.



## Removal of Excise Tax on Buses

(Title II, Part B, Subpart 4)

- The current ten percent excise tax on chassis or bodies would be removed to assist the expansion of bus systems.
- This proposal is aimed at assisting bus travel in capturing a larger share of the intercity passenger market.



## Business Energy Tax Credit

(Title II, Part C)

- Eligible retrofit investments made in energy conservation, cogeneration, coal conversion, or solar energy equipment in commercial buildings and industrial facilities would be eligible for a 10% investment tax credit above the existing investment tax credit.
- Facilities must be in existence as of April 20, 1977; investments must be made between April 20, 1977 and before January 1, 1983.
- Eligible conservation measures would be specified by the Secretary of the Treasury and would include insulation, double glazing, heat pumps, automatic energy control systems, and a variety of waste heat recovery devices. The Secretary of the Treasury would be authorized to add items to or delete them from this list.
- Pollution control facilities would not lose favorable tax treatment, but availability of multiple tax benefits would be limited.



## Crude Oil Equalization Tax

### (Title II, Part D)

- o A tax on domestic crude oil equal to the difference between the cost of domestic price-controlled crude oil and the world cost of imported crude oil would be imposed over a three year period.
  - During 1978, the tax would increase the \$5.25 tier by \$3.50 per barrel.
  - During 1979, the interim tax on first tier crude oil would equal the difference in refiner cost between the \$11.28 tier and the \$5.25 tier crude oil.
  - During 1980 and thereafter, the tax would be imposed on all price controlled domestic crude oil that has a refiner cost less than the average cost of imported crude oil. The tax would equal the difference each month between the average cost of each tier and the average cost of imports.
- o Presidential authority to suspend increases in the tax by Executive Order would be provided upon a finding that a suspension is necessary to protect the domestic economy.



- o Home heating oil users would receive a share of the equalization tax through a dollar-for-dollar reduction in prices paid for fuel oil.
- o Other funds collected under the equalization tax would be recycled back to the economy through per capita energy tax deductions for taxpayers and energy payments through various income transfer programs for non-taxpayers.



## Oil and Gas Consumption Taxes and Rebate

### (Title II, Part E)

- o In order to stimulate conservation and shift consumption away from oil and natural gas, a tax would be imposed on large industrial and utility users of oil and gas. The tax would be imposed beginning in 1979 for industrial users (with certain exceptions) and in 1983 for utility users.
- o Oil and gas use below 500 billion Btu's per year would not be subject to the tax.
  - Use between 500 billion and 1.5 trillion Btu's per year would be subject to tax at an increasing rate such that at 1.5 trillion Btu's and above, all use would be taxed.
  - Users which consume both gas and oil would prorate their taxable use according to the proportion of each fuel used to determine the amount taxable as gas and the amount taxed as oil.
- o Beginning in 1979, industrial users of natural gas (except for the uses discussed below) would be taxed an amount equal to the difference between the average cost of natural gas and a target price keyed to the regional price of distillate oil, adjusted annually for inflation.
  - The target price for the first year's tax in 1979 would be \$1.05 below the Btu equivalent price of distillate.
  - The target price would rise gradually to equal the distillate price in 1985 and beyond.
- o Utility users of natural gas would be similarly taxed.
  - Starting in 1983, the amount of tax would bring the cost of gas to them to a level of \$.50 per million Btu's below the Btu equivalent price of distillate, adjusted annually for inflation.
  - The tax would rise gradually so that by 1988 the cost of gas to them would equal the cost of an equivalent amount of distillate.



- The later starting date for the tax on utility use of natural gas reflects the longer lead-time required by utilities to convert to coal or other alternate fuels.
- o Industrial and utility users of petroleum would be taxed at a flat rate, adjusted for inflation, since, unlike natural gas prices, petroleum prices are relatively uniform nation-wide.
  - Beginning in 1979, industrial use would be taxed \$.15 per million Btu's. The tax would rise to \$.50 per million Btu's by 1985.
  - A tax on utility use of petroleum would begin in 1983 at \$.25 per million Btu's and remain at that level thereafter.
- o Certain fuels and uses are exempt from the oil and gas tax as follows:
  - fuel used in any aircraft or for rail or water transportation;
  - fuel for certain farm or farming purposes and any drying of grains and feed grasses or irrigation pumping;
  - feedstocks for production of anhydrous ammonia or ammonia liquor (except use of natural gas as a fuel);
  - fuel used in a refinery or natural gas processing plant to produce refined petroleum products;
  - natural gas reinjected for repressuring or cycling use; and
  - natural gas which is not marketable.
- o Industrial users of oil and gas making qualified investments in alternative energy property after December 31, 1977, may select one of two financial incentive options:
  - An additional ten percent investment tax credit against the income tax.



- A rebate against current (but not past) oil and natural gas consumption taxes (with a one year carry-forward provision).
- o The selection of a financial incentive mechanism by the taxpayer would depend on the characteristics of the firm.
  - A multifacility user intending to convert a portion of its facilities to coal might select the rebate. That rebate permits the entire taxpayer's oil and gas tax liability to apply against the costs of a few replacement facilities.
  - A new user, or a single facility user, might select the additional investment tax credit.
- o Electric utilities making qualified replacement investments after April 20, 1977, would be eligible for a dollar for dollar credit against their oil and natural gas consumption tax.
  - Qualified replacement expenditures mean costs paid or incurred by an electric utility for engineering, designing, purchasing, assembling and installing electrical generating property with coal or other alternative fuels capability to replace oil or natural gas fired generation.
  - Specific regulations will be developed by the Secretary of the Treasury in consultation with FEA.



## Energy Development Tax Incentives

### (Title II, Part F)

#### Geothermal Energy

- ° To stimulate development of geothermal resources, the tax deduction currently available for oil and gas intangible drilling costs (IDC) would be extended to geothermal drilling.
  - The deduction would be allowed for wells commenced after April 20, 1977
  - The proposal is intended to ensure equality of treatment among activities in competition for capital
- ° Gain from the disposition of geothermal properties would be recaptured (treated as ordinary income instead of as capital gain) to the extent that the gain does not exceed the amount by which the IDC deductions exceed the deductions which would have been allowable if the costs had been capitalized and amortized over 120 months.
- ° The excess of IDC deductions for geothermal wells would be included in the minimum tax base.

#### Minimum Tax Treatment of Intangible Drilling Costs

- ° Intangible drilling cost (IDC) deductions for oil and gas wells would be included in the minimum tax base of



individuals only to the extent that the deductions exceeded the individual's income from oil and gas properties.

- ° For oil and gas wells, IDC includes expenditures for such items as wages, fuel, repairs, hauling and supplies incurred in preparing a site, drilling and cleaning a well and constructing assets necessary for drilling a well and preparing it for production.
- ° For geothermal wells, the IDC deduction would constitute an item of tax preference to the extent the deductions exceed the individual's income from geothermal energy sources.



## Domestic Crude Oil Pricing

(Administrative)

- o Existing ceilings on flowing oil would be continued.  
An extension of EPAA authority which continues through September 1981, would be requested before expiration.
  - Price controls on the \$5.25 tier would continue, with adjustments for inflation.
  - Price controls on the \$11.28 tier would continue, with adjustment for inflation.
  
- o Incentive prices would be offered for new discoveries of oil.
  - An incentive price for new oil would be phased in over a 36-month period, beginning at the \$11.28 tier price level and rising to the April 1977, world market level adjusted for inflation;
  - New crude oil would be defined as:
    - oil produced from wells located more than 2.5 miles from any existing well or 1000 feet deeper than any existing well within 2.5 miles,
    - oil produced from OCS leases entered into after April 20, 1977; and



- oil produced through application of tertiary enhanced recovery techniques.
- o Stripper well crude oil would remain exempt from price controls.
- o Shale oil would remain exempt from price controls.



THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

C

June 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

FM

Secretary Blumenthal just called me and was irritated that he was not invited to the meeting tomorrow morning, so I invited Larry Woodworth and him.

Not necessary to read attachment 2.

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6/3/77

THE PRESIDENT HAS SEEN,  
THE WHITE HOUSE  
WASHINGTON

5

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM SCHLESINGER  
SUBJECT: Meetings on National Energy Act with  
Congressional Leaders Prior to Mark-up

Within the next two weeks, all of the major committees and subcommittees which have initial responsibility for elements of the National Energy Act (other than Senate Finance) will begin mark-up.

This is a critical time in the Congressional consideration of the Plan. Recent criticism in the later stages of Committee hearings could be blunted by your renewed involvement just prior to mark-ups. Such intervention could enable this important phase of legislative deliberations to begin on an upbeat note stressing the importance of a comprehensive approach with the Democratic Congress and President working together. A substantial number of wavering members are waiting to see how seriously the Administration supports the program. A series of Presidential meetings at this time would give a clear, powerful signal. For that reason, I suggest that you consider the following actions:

1. Democratic Leadership Meeting. On June 1, you may wish to meet with the Democratic Congressional Leadership, and the principal Committee and Subcommittee Chairmen who have energy responsibilities. Present at this meeting could be:

Senator Byrd  
Senator Cranston  
Senator Jackson  
Senator Johnston  
Senator Long  
Speaker O'Neill  
Representative Wright  
Representative Brademas  
Representative Ashley  
Representative Ullman  
Representative Dingell  
Representative Udall

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2. Meetings with Democratic Members. I have been requested to appear before at least one Subcommittee for wrap-up testimony on the program before the Subcommittee begins mark-up. My feeling is that we would have a much greater opportunity of influencing the members if the wrap-up sessions were held in the White House. Accordingly, I would like to recommend that you consider inviting the Democratic members of each of the principal Committees and Subcommittees which have energy responsibilities to the White House just before they begin their mark-ups for a brief talk, a description and justification of the elements of the program within the Committee or Subcommittee's jurisdiction, and an opportunity for questions. A suggested schedule would be as follows:

Energy and Power	-- Thursday, June 2
Ways and Means	-- Friday, June 3
Senate Energy and Natural Resources	-- Monday, June 6

3. Further Meetings. These meetings could be followed by similar meetings with the House Ad Hoc Committee and Senate Finance at the appropriate time.

4. Contacts with Key Republican Members. As the opportunity arises, in telephone or personal contacts with the Republican members, you may also want to reiterate the importance of the energy program. The key members are:

Senator Baker  
Representative Anderson  
Representative Conable

5. Talking Points for First Meeting. At the June 1 meeting, I suggest you make the following points:

- A. The energy program remains the Administration's highest legislative priority.
- B. The Administration wants to work with Congress to develop a broadly acceptable energy policy.
- C. Both the Administration and the Democrats in Congress will be discredited by failure to agree on an effective national energy policy.
- D. You intend to meet with the Democrats on each of the Subcommittees involved in the legislation at the time they begin mark-up, in order to ask their help with the program.



kid  
6/3/7

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

5

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM SCHLESINGER  
SUBJECT: Department of Energy Bill

The House will take up the Department of Energy legislation tomorrow.

In general, the outlook appears good, and we are hopeful of passage without crippling amendments. However, there will be several amendments offered early during floor debate which, if not defeated, could lead to major problems. I recommend that you call Speaker O'Neill today, to urge him to strongly support the bill as reported out of the Government Operations Committee by Chairman Brooks, and to urge House members to oppose amendments to the bill. I have spoken to Tip and he is generally supportive. However, active support from him may be necessary to defeat some of the amendments likely to be offered, and a call from you could be of real value in persuading him to take such an active role, particularly regarding the following amendments:

(1) John Moss and Clarence (Bud) Brown will offer an amendment to sharply restrict the Secretary's ability to issue general rules under the Natural Gas Act and the Federal Power Act and to remove the authority under current law for wellhead pricing of natural gas from the Secretary to the Federal Energy Regulatory Commission (a collegial, FPC-like body within the Department established by the House bill to handle certain matters now handled by the FPC). Passage of this amendment would be very harmful on the merits--by substantially reducing the Secretary's ability to coordinate major energy policy matters. In addition, this amendment will be offered early, and failure to defeat it could open the bill to a variety of other, possibly harmful amendments. The amendment has an odd mixture of liberal Democrats and conservative Republicans on it, and must therefore be taken seriously.

(2) The Post Office and Civil Service Committee has reported an amendment to the bill which would severely weaken

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the Department's ability to create an effective top management group. The amendment reduces the number of supergrade personnel available to the Secretary below the number currently employed in such positions, despite the broader missions of the Department, and makes a number of other undesirable changes. The bill as reported out of the Government Operations Committee is satisfactory in this regard, and the Speaker should be actively encouraged to support the Government Operations Committee bill on this issue as well.



THE WHITE HOUSE  
WASHINGTON

June 3, 1977

Z. Brzezinski

The President signed the attached letter to Henry Ford and the original is forwarded to you for delivery.

For Your information, Records Office has taken the copies that are needed .

Rick Hutcheson

cc: Jim King

X



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

ACTION

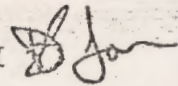
May 31, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI



SUBJECT:

Letter Appointing Henry Ford as  
National United Nations Day Chairman

On June 7 the UN Association will hold its annual Spring Dinner in New York which inaugurates the 1977 National UN Day program, with Andy Young, Bill Scranton and Charles Schultze participating. The UNA would like at that time to present Henry Ford with his formal appointment by you.

At Tab A is a letter appointing Henry Ford the National United Nations Day Chairman. Jim Fallows concurs in the text of this letter.

RECOMMENDATION:

That you sign the letter to Henry Ford at Tab A.



THE WHITE HOUSE

WASHINGTON

June 3, 1977

To Henry Ford

I am pleased to appoint you as US National Chairman for United Nations Day 1977. We are fortunate to have a person of your recognized talent, stature and leadership ability to head up this important national observance.

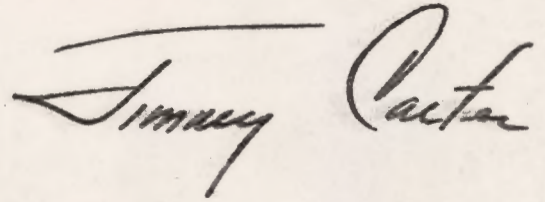
During 1977 we and other nations mark the thirty-second anniversary of the founding of the United Nations. It is no exaggeration to say that the UN owes its existence to the idealism and strength of the United States. And while the organization has not always fulfilled our expectations of it, the great aspirations contained in its Charter remain valid world goals. We have the opportunity, working through the global framework of the UN and its specialized agencies, to achieve many of our purposes as individuals and as a nation. Through our determined participation and leadership we can help find solutions to problems which increasingly transcend national boundaries -- problems like nuclear proliferation, use of the seas, population growth, food production, energy, trade, investment, environmental protection and many others.

As National Chairman for UN Day, you can provide strong impetus to the efforts of others -- business and labor leaders, government officials and private organizations -- to make this year's observance more than a ceremonial event. With the help of your National UN Day Committee and the United Nations Association, you can stimulate Americans throughout the nation to understand the significance of the United Nations and on ways in which we might improve and strengthen our participation.



I appreciate your willingness to undertake this challenge and wish you every success in the months ahead.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Mr. Henry Ford, II  
Chairman, Ford Motor Company, Inc.  
American Road  
Dearborn, Michigan 48121



## THE WHITE HOUSE

WASHINGTON

Meeting with Don Ladd  
Friday, June 3, 1977  
11:25 a.m.  
(5 min.)  
The Oval Office

(by: Fran *fran* Voorde)

- I. PURPOSE: to present Carter Genealogical History and a portrait
- II. BACKGROUND, PARTICIPANTS, PRESS:
- A. Background: While campaigning in Utah, the President visited with the First Presidency of the Church of the Latter Day Saints. They told the President of the work they were doing on the Carter Genealogy; the book is now ready for presentation.
- There are tracings to England; they thought it would be appropriate for Chip to have prior to his departure on Monday.
- B. Participants: The President  
Mr. Don Ladd\* Regional Representative of the Church who is making presentation on behalf of the First Presidency.  
Mr. Lee Roderick, Public Affairs rep of Church  
Mr. Thomas Daniels, Staff of Genealogy Study Office - Utah.
- C. Press: White House Photographer only.

\*Note: Don Ladd works in Legislative Affairs Office, Dept. of Agric.

X



THE WHITE HOUSE  
WASHINGTON

Date:

*file*  
June 3, 1977

*is sent to go to Mr. [unclear]*  
**MEMORANDUM**

**FOR ACTION:**

Bob Lipshtuz

**FOR INFORMATION:**

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Zbigniew Brzezinski memo re the Executive Protection Service.

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** NOON

**DAY:** MONDAY

**DATE:** JUNE 6, 1977

**ACTION REQUESTED:**

☒ Your comments

Other:

**STAFF RESPONSE:**

☐ I concur.

☐ No comment.

*Please note other comments below:*

*Lipshtuz*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
X		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE



ACTION

June 3, 1977

## MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

Attached at Tab A is a memorandum from Secretary Vance recommending the discontinuation of the Executive Protection Service (EPS) protection of six UN Missions in New York City: Israel, Jordan, Syria, Lebanon, League of Arab States, and the PLO. If the status of the Middle East negotiations or other conditions warrant it, protection of the Missions could be resumed at a later date.

RECOMMENDATION:

That you approve the discontinuation of the Executive Protection Service protection for the above named six UN Missions in New York City.

APPROVE \_\_\_\_\_ DISAPPROVE \_\_\_\_\_

JUN 3 1977





THE SECRETARY OF STATE

WASHINGTON

7714062

May 27, 1977

MEMORANDUM FOR: THE PRESIDENT

From: Cyrus Vance *CV*

As you know, the Executive Protection Service (EPS) of the Treasury Department has been providing protection to the UN Missions in New York City of Israel, Jordan, Syria, Lebanon, League of Arab States and the PLO. These Missions are all located above street level in high-rise buildings. While the New York City Police Department provides protection of street-level foreign Missions, they refuse to provide protection for above-street-level Missions.

The protection of these six Missions is furnished pursuant to a law (3 USC §202(8)) which authorizes you to provide it on a case-by-case basis. It is expensive, costing about \$550,000 a year. In a memorandum dated May 19, 1977, State and Treasury reported that they had considered other alternatives to protection by EPS and have concluded that they would be even more expensive. Accordingly, it was recommended that if protection is to continue, EPS should provide it.

Against this background, I recommend that the protection of these six Missions be discontinued on May 31, 1977. The basic protection of the New York Police at street level will continue. If the status of the Middle East negotiations or other conditions should warrant it, protection of the Missions above street level could be resumed at a later date.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

June 3, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Rick Hutcheson *Rick*

SUBJECT: STATUS OF PRESIDENTIAL REQUESTS

Follow-up of Previous Reports:

1. Eizenstat: What can we do without legislation to maximize openness in government -- Done. *done*
2. Eizenstat: Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- In Progress, (with Eizenstat, expected 6/10).
3. Jordan: Let's firm up the Renegotiation Board -- In Progress.
4. Schultze, Blumenthal, Vance: What can we do about the Bahama Banks -- In Progress, (with Justice). *Expedite*
5. Eizenstat: Check with Congressional leaders regarding Cargo Preference legislation and report back to the President -- In Progress, (expected 6/9, previously expected 5/27).
6. Eizenstat: Assess priority and proper functions of the Corps -- In Progress.
7. Eizenstat: You should talk with Bob Strauss to determine what should be done regarding duty imposed by U.S. concerning imports on men's suits -- Done. *done*
8. Bell: Progress on court reform, organized crime, etc. -- In Progress.
9. Bourne: We should prepare an overall message regarding drugs, please comment -- In Progress, (legislative proposals to the President 6/9).



MEMORANDUM TO THE PRESIDENT  
PAGE 2

10. H. Carter: Assess and implement where possible; tabulate and give the President a report and any questions regarding the information package from John Dunn concerning material for archives, Presidential papers, etc. -- In Progress - Hugh Carter has completed; Bob Lipshutz wishes to review extensively.
11. Lipshutz/Jordan/H. Carter/Harden: Move everyone possible from the White House to the EOB, and from the EOB to the Agencies with regard to the size of the White House Staff -- In Progress, (as part of the EOP Reorganization Study).
12. Lance/Schultze: The President needs the cost projections for military and civilian retirement -- Done. *where?*
13. Watson/J. Frank: You should expedite and give the President a date on a decision memo concerning "undocumented workers" -- In Progress; Stu working on revised memo on this subject.
14. Brown: What are we doing to expedite reclassification of Viet Nam MIA's? -- In Progress, (received from Brown, currently being reviewed by Brzezinski in order to see results of Vietnam talks).
15. Jordan: See the President concerning the Schneiders memo on White House Projects -- In Progress. *Ham - see me*
16. Bell: You know the President's promise to make the Attorney General independent of White House control and influence. Please consult with your advisors and prepare draft legislation -- In Progress, (with Lipshutz). *Expedite*
17. Schlesinger: In a few weeks (or sooner) the President needs a 30 minute briefing on the entire R&D program on nuclear fusion, with basic charts; before the Summit would help -- Done. *done*
18. Jordan: Who performs this function - now? (re Copyright Royalty Tribunal) -- Done. *done*

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MEMORANDUM TO THE PRESIDENT  
PAGE 3

19. Califano: Let's take similar action... stronger if possible.. and include other devices as advisable. (re news article 5/3/77 concerning Panel Urges Curb on Use of Costly X-ray Device (CT scanner) -- In Progress, expected 6/10.
20. Jordan: "Advise" -- re Sen. Humphrey letter concerning/recommending extension of service for Miss Frances Knight as Director of the U.S. Passport Office -- Done. *done*
21. Eizenstat: Prepare memo from me (re economic announcements -- Done. *done*
22. Vance: I need State's analysis of the four-year goals we hope to achieve -- In Progress.
23. Lance/Moore: Try to kill this amendment (re pending legislation providing special annuities for certain foreign service officers) -- In Progress.
24. Jagoda/Kraft: Let Blitzler see the President for 15 minutes regarding the National Endowment for the Humanities -- Done. *done*
25. Brown: (Confidential) Are we taking specific action to reduce levels of high ranking military officers and their subordinates commensurately? -- In Progress.
26. Vice President/Moore/Jordan: Work out the judicial selection committees in states with no Democratic Senators; let Democrats do it. Setting up top flight selection committee comes first -- In Progress, (seven of twelve completed).
27. Brzezinski: Call Don Fraser who is eager to recognize the human rights achievements; it should include individual letters and Congressional Record -- Brzezinski has called Fraser, not published in record; Brzezinski will explain to the President. *done*
28. Califano: Do what you can to reduce over-expansion of our HEW budget in the 1978 Appropriations Bill -- Done, (5/23 by Lance). *done*

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MEMORANDUM TO THE PRESIDENT  
PAGE 4

29. Eizenstat: You and Schutlze comment on the Kirbo memo concerning interest rates of 18% -- Done. *done*
30. Lance: What can we do to prevent last minute (and unnecessary) spending by agencies at the end of the fiscal year? -- In Progress, (expected 6/10).

May 19:

1. Brzezinski: Prepare memo from the President to other 3 leaders regarding conventional arms sales discussions -- In Progress.
2. Lance: Have Max Cleland see the President concerning the need to focus and contain the cost of veterans programs -- In Progress.
3. Gulley: What is the present designation concerning the addition to list of navy vice Admiral commands of Director, NSA; and that of Vice Admiral Bobby Inman to be assigned to fill that position; and, the present designation concerning the addition to arms list of positions, U.S. Representative to NATO? -- Done. *done*
4. Jordan: Work out without delay and give the President the final recommendation regarding the President's Commission on Military Compensation -- Done. *all?*
5. *Byrd* Brzezinski: Remind the President to call Bob ~~Bergland~~ Saturday regarding SALT; he'll be on Meet the Press Sunday -- Message Conveyed. *done*

June 1:

1. Schultze/Eizenstat: We had better plan a phase back to about 12% by 1981 concerning the ratio of personal income taxes to personal income -- In Progress. *done*
2. Brzezinski: (Secret) a) Military aid to South Korea?, b) Key Congressional leaders should know about this, regarding patterns of communist aid -- In Progress. *done*

MEMORANDUM TO THE PRESIDENT  
PAGE 5

3. Brzezinski: Vance or Bell should discuss Visa Policy with Eastland and Rodino, perhaps the McGovern Amendment. Then the President will see the Congressional leaders (Confidential) -- In Progress.
4. Brzezinski: The President agrees with State's proposal with exceptions to be approved by the President for special reason. Who approved Jenkins' use of the President's Guest House -- In Progress.
5. Brzezinski: Arrange as early as possible a foreign affairs session with about 30 key members of Congress -- In Progress. *done*
6. Vance: Please comment regarding the filing of a pro forma report to comply with the Helsinki Final Act? -- In Progress. *done*
7. Brzezinski: (Secret) Get U.S. and U.K. together before meeting with Soviet concerning CTB negotiations -- In Progress.
8. Dobelle: What does Gretchen say...any problems regarding a working dinner for Andreotti? -- Done. *done*
9. Jordan: Prepare an answer to Ed Barker concerning James Williams' application for a loan through Farmer's Home Administration (using no influence) -- In Progress.

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EIZENSTAT STATUS REPORT

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THE WHITE HOUSE

WASHINGTON

June 3, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Status Report

CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: Following the meeting with you, we have met extensively with the affected agencies and are preparing a decision memorandum for you, which will be submitted soon. There has been excellent progress toward agreement.

Equal Employment Reorganization: Continue meeting with task force.

Privacy: H.R. 214 is still being discussed by Justice. We will have a memo to you as soon as we know their position.

Drugs: DEA will submit three bills to OMB, one of which includes a controversial preventive detention measure. It is being reviewed first by Peter Bourne.

Handguns: Justice has drafted legislation and wants to know whether the Administration wants to proceed. We will have a memo to you this week.

LEAA Reorganization: Task force made up of Justice and LEAA is meeting.

Drug Enforcement Administration-FBI: Justice is studying the possibility of combining DEA and the FBI for drug enforcement purposes.

Grand Jury Reform: Justice has been working on legislation. We will get a memo to you as soon as they send it to OMB. They will testify on June 22.



HOUSING AND URBAN DEVELOPMENT

Condominium Fraud: Memo on federal government efforts to correct abuses in this area with options for possible initiatives. Due June 8.

Fanny Mae: Administration position on increasing public representation still under review.

Consumer Cooperative Bank: OMB-Domestic Council memorandum to you today. Coop Bank proponents, including Ray Marshall, Geno Baroni, Esther Peterson, Carol Foreman, and Sam Brown are being involved in the review process.

Urban Policy Task Force: Recommendation on urban economic development initiatives expected by late June. A general overview will be in to you in early June. Recommendation on national neighborhood policy framework expected by late June, including structural relationship of Neighborhood Commission to other urban policy initiatives, particularly neighborhood reinvestment strategies.

Financial Institutional and Housing Finance Reform: Decision memorandum to you week of May 30.

New York City Financing: Continuing to develop long term options.

Tax Reform: Developing analysis of impact of tax reform package on urban development and State and local borrowers.

Flood Insurance Program: Senate to consider amendment to eliminate program on June 7. Recommendations to you tomorrow.

TRANSPORTATION AND LABOR

Labor Law Reform: Analysis of proposed legislation by June 7.

Cargo Preference: EPG discussed May 19. Hearings postponed. Our analysis to you by June 6.

ECONOMICS AND BUSINESS

Trade Adjustment Assistance: We are working with Commerce, Labor and STR to meet your commitment in the shoe case to improve this program and recommend new legislation, if necessary.

Tax Reform: We are working with Treasury and CEA on the Administration's tax reform proposals.



CONSUMER MATTERS

Standing and Class Actions: Justice and Esther Peterson are working with Hill and agencies to develop proposals.

Package of Substantive Consumer Reforms: Task Force (Justice, Commerce, FTC, Jack Watson's staff, Domestic Policy Staff) has met. A memo is being drafted on the consumer agenda in Congress.

Ban on Tris: Administration position being developed by Commerce, HEW, FDA, Justice, EPA, SBA, Domestic Policy staff. Memorandum to you June 6.

REGULATORY REFORM PROJECTS

Regulatory Reform Agenda: Regulatory Working Group is drafting a decision memo for you.

Surface Transport Deregulation: Task force to study options for surface transport deregulation is meeting.

Broadcast Deregulation: Under the supervision of Barry Jagoda and the Policy Staff, OTP has initiated a review of possibilities for deregulation measures in the broadcast area. Target date for memorandum to you is August 1.

Financial Institutions Regulatory Reform: Treasury has prepared a proposal which is under review by OMB and the Policy Staff. Recommendations to you by second week of June.

Economic Impact Analysis Procedure: EPG Subcommittee developing a proposed executive order. Informal group assessing EIA bills now in Congress.

Legislative Veto: Working group (Justice, Lipshutz's staff, OMB, Domestic Policy Staff) assessing question of legislative veto of regulations.

Airline Regulatory Reform: We are arranging a meeting on June 9 for Secretary Adams to brief representatives of business, labor, the airline industry and consumer groups on our policy.



INTEGRITY AND OPENNESS MATTERS

Freedom of Information Act Liberalization: Justice to draft an executive order. Target date is third week in June.

Hatch Act Reform: Working with Civil Service Commission on policy amendments to House and Senate bills.

Executive Order on Logging: Memo prepared by Justice has been reviewed. Justice is drafting an executive order. Target date is second week of June.

Lobby Reform: We are working with OMB and Justice to develop policy positions on executive branch lobbying.

Classification Decisions: NSC has sent a memo to you on establishing a task force to be co-chaired by NSC and Domestic Policy Staff. A report and new executive order are due in September.

ENERGY AND NATURAL RESOURCES

Alaska Natural Gas: Agency assignments and work plans for July 1 submissions reviewed and approved. Working with Schlesinger's staff and agencies on a continuing basis.

Water Projects: Working on your approved strategy with Frank Moore and his staff. House floor action on appropriations bill June 13.

Water Resources Reforms: Working with CEQ, OMB and agencies.

Synthetic Fuels: Issue of guaranteed loans has arisen in House. Attempting to resolve differences with O'Leary and Schlesinger regarding subsidization of existing coal gasification technologies.

Strip Mine Bill: Working with Interior and Frank Moore's staff to prepare for conference committee.

BUDGET

Pursuant to the discussion at the budget overview meeting with you, we are working with CEA and OMB to develop a coordinated view of the major claims against the so-called "fiscal dividend" between now and FY 1981.



### COMMUNICATIONS

Public Broadcasting: Our recommendations on reauthorization and structural reform are being checked with Director Lance and Secretary Califano. The proposal will come to you in mid-June. Congressional hearings are slated.

Rural Telecommunications: We have formed an interagency task force to study ways to improve rural life and save energy through communications system. Legislative and administrative proposals should be ready for your consideration in August.

### HUMAN RESOURCES

National Health Insurance: First meetings of the Advisory Committee on National Health Insurance Issues were held on May 20 and 21. The next meeting is on June 17th in Los Angeles and June 18th in San Francisco.

Preventive Care: OMB and Domestic Policy will be meeting with the Center for Disease Control on fluoridation. Also planned is a visit to Maryland and New Jersey, two states with extremes in level of fluoridation protection. Report to be submitted before September.

Cost Containment: Kennedy hearings on Administration bill held on May 24 and 26th. Hearings on Talmadge's bill begin June 7. HEW and Domestic Policy Staff are now working out the Administration's position on the Talmadge bill.

Alcoholic Labeling of Beverages: The Justice Department has asked for a White House decision on whether to appeal a District Court decision holding that the Bureau of Alcohol, Tobacco, and Firearms rather than the FDS has jurisdiction over alcohol labeling. Both agencies have been asked to present their positions. A memo to you soon.

Privacy Protection Study Commission: The Privacy Protection Study Commission is to issue their report on July 12. We are reviewing advance copies of the report to develop possible Administration initiatives.



Welfare Reform: HEW and Labor have begun to meet with representatives from the states to discuss the tentative plan with them. The reaction thus far has been mixed with the expected emphasis on the need for fiscal relief. We are working with the departments, CEA and OMB to identify and prepare decision memoranda on the remaining issues, including the views of the states.

Community Services Administration: We have worked with OMB on the CSA request for a budget amendment. The agency has requested \$606 million and it appears that OMB will approve \$490 million, which is an increase of \$48 million over the February budget. The amendment will help to illustrate Administration priorities.

Comprehensive Educational Policy: We are working with HEW to develop a comprehensive educational policy.

#### TERRITORIES

Micronesia: The initial negotiating session between the Administration and Micronesia which was held in Honolulu was successful because of new flexibility on marine resources. We are considering ways of coordinating the emerging groupings of trust territories. At present, the Palauns and the Marshalese are most determined on some autonomous status.



AGRICULTURE AND RURAL DEVELOPMENT

International Grains Negotiation: General statement of objectives and principals agreed to at Thursday (6/2) EPG meeting. This will serve as U.S. position for exploratory talks at the International Wheat Council meeting in London June 27-30.

SBA Legislation: Decision memo regarding SBA authorization and disaster assistance legislation is being redrafted as a result of Congressioanl action and will be forwarded to you late this week.

POSTAL MATTERS

We have asked Tim Kraft to schedule a meeting for you with the Postmaster General so that he may tell you why he will ask for a postal rate increase in the next 30 days.



THE WHITE HOUSE  
WASHINGTON

ACTION	FYI
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	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
X	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
X	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE